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## NEWS SUMMARY

### GENERAL

## Soviet 'germ plant leak'

THE USSR may have broken an international biological warfare treaty. There has been a series of reports on an accident in Sverdlovak, an industrial city in the Ural mountains, last April.

Large numbers of people apparently contracted anthrax, a bacterial disease whose toxin is an agent in germ warfare. A newspaper carried warninga on avoiding infection. Over 1,000 died, according to West German reports, which pointed to a leak at a military installation near the city.

The Soviet Foraign Ministry has denounced U.S. auggestions of a treaty violation as "impudent alander." Page 3

### Carter victory

President Jimmy Carter won a convincing victory over Senator Edward Kennedy in the Illinois Democratic primary election. Republican Ronald Reagan also scored a vital win over his chief opponent, John Anderson. Back and Page 4; Background, Page 23

### Channel link

Any new Channel tunnel project will have to be financed by private capital to gain Government approval, Transport Minister Norman Fowler said. British Rail is discussing a plan with French railways. Back Page; Parliament, Page 10

### Iranian amnesty

Ayatollah Khomeini announced an Iranian new year amnesty under which 61 common criminals were released from jail.

### Rhodesia strikes

A wave of strikes spread through Rhodesia, with 4,000 workers out demanding Premier Robert Mugabe fulfill election pledges.

### Italian tax trap

The Italian Government has published a "red book" listing 33,000 suspected tax dodgers in an effort to clamp down on evasion.

### Pollution protest

Five anti-pollution demonstrators were arrested in Paris after emptying bins of crude oil outside the Elysee palace. The protest followed the wreck of a tanker off northern Brittany.

### Hunger strike

Two blind people will go on hunger strike outside Indian Prime Minister Indira Gandhi's home next week to back demands for Government jobs for the blind. The protest follows a march on Sunday in which 100 were injured in police attacks.

### Forest win

Nottingham Forest, the holders, reached the semi-finals of the European Cup when they beat Dynamo 3-1 in Berlin (3-2 on aggregate). Real Madrid beat Glasgow Celtic 3-0 (aggregate 3-2).

### Tusker task

A New York sculptor took a cast of a live five-ton elephant and intends to make 10 bronze replicas to raise funds for wildlife conservation.

### Briefly . . .

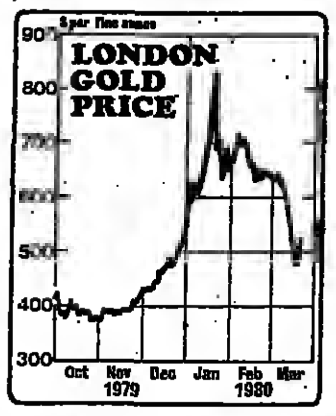
West Germany's four parliamentary parties have agreed not to slander opponents in this year's election campaign. Schmidt to spearhead SPD campaign. Page 2

Man has been committed for trial accused of stealing 9,000 wild birds' eggs worth £25,000 from a museum.

### BUSINESS

## Gold up $39; Mines rise 28.8

● GOLD closed $39 up in London at $520, after touching a peak of $535.




● STERLING closed 10 points down at $2.1930 after fluctuating sharply. Its trade-weighted index was 72.2 (72.4). DOLLAR eased to DM 1.8720 (DM 1.8765) and its index was 89.1 (89.2).

● EQUITIES remained uncertain, and the FT 30-share index gained 0.3 to close at 432.0. GOLDS followed the bullion rise, and the Gold Mines index rose 28.8 to 294.3.

● GILTS improved and the Government Securities index closed 0.24 up at 64.40.

● WALL STREET was up 2.56 at 804.18 before the close.

● IRISH PUNT closed at $1.9755 —a depreciation of 10 per cent since last year.

● JAPANESE Government approved a 50.8 per cent rise in electricity rates and a 45.5 per cent rise in gas prices after raising the official discount rate to 9 per cent. Back Page; Editorial comment, Page 22

● BELGIUM tightened domestic credit, taking the National Bank discount rate to 14 per cent—a rise of 2 per cent.

● HONG KONG Government agreed in principle for the Commodities Exchange to establish a gold futures market. It would be the colony's fourth gold market. Page 31

● BRITISH ALUMINIUM said it has set aside £19.4m to provide for disputed charges for the supply of electricity to the Invergordon aluminium smelter. The company does not accept liability for the charges. Back and Page 7; Results Page 24

● FORD MOTOR'S corporate credit rating in the U.S. was cut by Moody's Investor Service from the top-ranking Triple A to Double A.

● FORD PHILIPPINES was given permission to assemble in Manila the Mazda car of Toyo Cogyo (Japan), and is likely to phase out the Escort. Page 5

● CARTER Administration has opposed suggestions in Congress that Japan be pressed to reduce its U.S. car sales. Page 5

● BRITISH AEROSPACE expects 1979 sales to exceed £1bn, and final accounts to show a backlog of orders worth more than £3bn. Page 8

● AEROSPACE INSURANCE market in the UK had its worst year in 1979 with outlays of about £162m. Page 7

### COMPANIES

● DICKINSON ROBINSON, the packaging, printing and engineering group, ended last year with pre-tax profits 16 per cent higher at £27.7m. Page 24, Lex

● BEJAM, the frozen food and freezers group, raised first-half pre-tax profits by 50 per cent, from £2.74m to £4.1m on turnover of £79.93m (£58.25m). Page 28

# Sadat and Begin to see Carter over Palestinians

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

**President Anwar Sadat of Egypt and Mr. Menahem Begin, the Israeli Prime Minister, will confer separately with President Jimmy Carter of the U.S. in Washington next month, the White House announced last night.**

The U.S. has called the meeting in an effort to prevent the autonomy talks over the future of the occupied West Bank breaking down, thus jeopardising the broader American aim of peace in the Middle East.

The purpose of the meetings, for which no firm dates have yet been set, would be to review the progress and pace of negotiations between Israel and Egypt on autonomy for Palestinians on the West Bank and Gaza Strip which were due to be completed by May 26, but which have made little progress recently.

Mr. Jody Powell, Mr. Carter's Press Secretary, was at pains to emphasise that the U.S. President was not necessarily going to try to nail the two leaders down to meeting the May 26 goal.

Choosing his words with care, he said: "It is the clear hope of all those concerned that the (negotiating) process should have sufficient momentum to carry forward even if full agreement not be reached in every single detail."

All three leaders had agreed that it was better to confer "somewhat in advance" of the May 26 goal rather than to wait until it was more imminent.

Mr. Powell emphasised that summit meetings should be seen as part of a continuing negotiating process, not as a response to the particular crisis in the autonomy talks.

Comparisons with either Camp David in 1978 or Mr. Carter's Middle East peace shuttle a year ago were not valid, because on those occasions no mechanism for negotiations was in place, he said.

Underscoring this, he announced that Mr. Sol Linowitz, Mr. Carter's Middle East representative, will leave this weekend to confer first with Mr. Begin in Jerusalem, then with Mr. Sadat in Cairo and later to attend the plenary session of the autonomy talks in Alexandria.

Mr. Powell said there was no intent to extend the separate meetings into a fully fledged three-way summit, though the door on this was not closed. There have been reports that Mr. Begin and Mr. Sadat have urged Mr. Carter to agree to such a summit, but these have not been confirmed in Washington.

But at no stage did Mr. Powell or other government officials hint that the U.S. had any new set of proposals to break the deadlock in the autonomy talks.

Some further inkling of U.S. thinking may be obtainable today when Mr. Cyrus Vance, the Secretary of State, is due to testify to Congress on the Middle East.

Mr. Sadat and Mr. Begin have been urging Mr. Carter to throw himself into the negotiating process. But his political advisers, mindful of the problems caused by the reversed vote against Israel in the United Nations earlier this month, are known to feel the Middle East could be a political quagmire for the president.

Mr. Carter, however, seems to hold the view that, since the Camp David accords and the subsequent Egyptian-Israeli peace treaty constitute the greatest foreign policy triumph of his administration, he would be remiss in not doing as much as he could to ensure that the terms of those agreements were adhered to.

His political difficulties with the American Jewish vote, though they still may embarrass him to a degree in next week's New York primary, are seen to be less of a threat to his securing the nomination after his crushing defeat of Senator Edward Kennedy in Tuesday's Illinois primary.

# Staffing levels will rise, Civil Service admits

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE staff numbers are likely to rise by 3,000 this year, despite the round of cuts announced by the Government, the Civil Service Department admitted yesterday.

The disclosure could prove embarrassing to the Government, which pledged in its election manifesto to reduce the size of the administration.

Following a pay settlement averaging 25 per cent, the Government last year cut the Service's cash limit by 3 per cent and imposed a three-month recruitment ban, which together caused the loss of about 20,000 posts. In December, a further cut of 40,000 over three years was announced.

Last week, the Government announced another across-the-board cut of just under 2½ per cent or about 15-20,000 posts, and Mr. Paul Channon, Civil Service Minister, said the Government had gone as far as it could in cutting manpower in one year.

But yesterday, in evidence to a sub-committee of the Commons' Treasury and Civil Service select committee, the Department admitted that staff numbers between April 1 this year and April next year would rise, rather than fall, from 712,000 to 715,000. The figures do not take account of the 2½ per cent cut.

MPs on the committee were "extremely concerned" at the admission. Mr. David English said the country had been led to believe that net cuts in the Civil Service were being made. Mr. Richard Shepherd said that what were programmed as cuts seemed to be increasea.

Sir John Herbecq, second Permanent Secretary at the Civil Service Department, agreed. He said: "There will be departments which have made quite specific cuts in the things they do but which will have in a year's time a higher staff total than they do now."

Sir John said the reason for the rise was that the Government had been forced to take on extra staff in certain departments to deal with changing economic conditions.

Some 3,300 staff would be taken on in the prisons, in police support services and immigration services. The Department of Health and Social Security would take on 3,800 because of increased demand for benefits and the Department of Employment 3,200 because of revised assumptions about the level of unemployment. Other, more minor, increases totalled 1,200.

"Black economy" exemption attacked, Page 10

# Shell in Saudi refinery deal

BY RAY DAFTER, ENERGY EDITOR

THE Royal Dutch/Shell Group is expected to gain access to more than 100,000 barrels a day of Saudi Arabian crude oil as a result of a refinery deal due to be concluded in the next few months.

The project would give Shell its first direct access to Saudi crude. It involvea construction of a 250,000 barrels-a-day refinery at Jubail industrial complex on the Gulf. Investment will be more than $1.4bn, of which Shell is expected to contribute about $250m.

Access to crude oil, and a proportion of refinery products, has been offered by the Saudi Government as an incentive for Western companies entering joint ventures with the state. Earlier this month Mobil signed a similar contract for a refinery at Yanbo, on the Red Sea coast.

Shell would not say how much crude oil it would be able to buy from Petromin, Saudi Arabia's state oil corporation. Negotiations are continuing.

Petroleum Intelligence Weekly, a leading oil industry publication, says it was thought in the mid-1970s that the Saudis would provide 1,000 barrels a day for each $1m invested. On this basis, Shell would have about 250,000 b/d.

But inflation, the dollar's reduced value and lower availability of oil have led to a review by the Saudi Government. It is understood Mobil will receive about 500 b/d for every $1m invested.

Saudi Arabia is producing oil at 9.5m b/d, but is known to want to reduce this to 8.5m b/d. Its decision to offer "incentive" crude will mean restructuring the allotment of oil to the four partners of the Arabian American Oil Company — Chevron, Texaco, Exxon and Mobil.

Mexico to produce more oil Back Page

# Governor defends monetary restraint

BY PETER RIDDELL

MONETARY POLICY must remain restrictive to reduce the inflation rate, even though the effort may involve depressed demand and output for a year or two, Mr. Gordon Richardson, Governor of the Bank of England, said yesterday.

He defended the current approach to monetary policy and discussed recent fears about the immediate impact on industry.

At the Guardians' Young Businessman of the Year lunch, he said Britain's present monetary policy "has more than an accidental resemblance to the policy pursued under previous administrations." The policy was "not, as some seem to try to paint it, a novel form of a peculiarly English vice, but a prudent and necessary response to inflationary dangers."

Mr. Richardson acknowledged British industry was going through a difficult period. "It is having to face very determined competition. Demand, both abroad and, more especially, perhaps in this country, is unlikely to be buoyant."

## Inflation

It was an illusion to suppose that Britain was free to choose between defeating inflation and some other course. "We cannot sit back, with costs and prices moving up rapidly again, and not seek to master inflation."

Monetary restraint could not be had without cost. "Surely, it would now be generally agreed that there is no alternative to relatively high nominal rates of interest until the pace of inflation slackens. This is part of the price that we have to pay to get inflation down."

The Bank of England's quarterly bulletin, published last night, takes up the same theme.

Its economic commentary presents a gloomy view of the immediate future. "With the prospect of a large fall in stocks, a decline in output of 2 per cent or more—and perhaps twice as much in manufacturing industry—now seems probable," it says.

The Bank highlights financial pressures on industry as a result of a rapid rise in costs and the appreciation of sterling. Consequently, the real pre-tax rate of return of industrial and commercial companies, excluding North Sea activities, could fall from an average of 3½ per cent last year to a record low of 2 to 2½ per cent in 1980.

Bulletin details, Page 36
Picture, Page 6

# Earnings rise is highest in four years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AVERAGE EARNINGS are now growing at an annual rate of nearly 20 per cent — the highest figure for four years. This follows a steady acceleration in the underlying rate since last summer as the higher settlements of the current pay rounds have worked through.


Department of Employment figures published yesterday show that the earnings index covering 21m employees in the whole economy rose by 19.9 per cent in the year to January to 162.6 — January 1976=100.

This is officially reckoned to be close to the underlying rate of increase as various special influences have largely offset each other. It compares with a rate of just under 19 per cent last month, 15 to 16 per cent in the late summer and just under 15 per cent last spring.

The 12-month rate is likely to continue to rise as the generally higher pay settlements of the current round replace the lower ones of a year ago. While there has been a steady climb in the rate, there has so far been nothing like the leap frogging increases from one pay deal to the next which led to the runaway wages explosion of the mid-1970s when earnings growth was over 30 per cent.

Earnings are also being pushed up by the phased implementation of the Clegg pay comparability awards in the public sector, which have so far added ¾ per cent to the index and are expected to add 2 per cent by the summer.

The overall rate of earnings growth is not an exact guide to the level of settlements. For example, officials estimate that drift—such as promotion and regrading payments—may have accounted for 2 to 3 per cent of the increase. Wage settlements may have been about 17 to 18 per cent, though there is some evidence of a wider spread in the level of awards than in recent years.

For instance, the Confederation of British Industry's Pay Databank survey of manufacturing industry, also published yesterday, shows that over 52 per cent of all pay deals notified to it since last August have been for increases of 1 per cent or less.

Only 11 per cent of settlements were for more than 20 per cent, and 36 per cent were for increases of between 16 and 20 per cent. This takes account of the number of employees covered by each settlement.

The CBI said yesterday that these figures suggested that "the general level of pay settlements is not rising despite the recent acceleration of inflation."

The actual earnings figures are distorted by a variety of influences. For example, the index fell slightly between December and January because of the normal seasonal absence of end-of-the-year bonuses, because of the direct impact of the steel strike—reducing the index by about ¾ per cent—and because of a fall in overtime pay accentuated by the steel dispute.

However, bad winter weather and widespread industrial disputes depressed earnings in the comparable month of January, 1979, and the two influences probably offset each other so that the 12-month rate is broadly unaffected.

The change in the pattern of settlements this year, with more workers settling earlier than before, has probably added about ¾ per cent to the 12-month rate.

The February and March indices will be depressed by the continued effects of the steel strike

The older index of average earnings covering about 11m workers, mainly in production industries, fell 0.5 per cent in January to 415.2—January, 1970=100, seasonally adjusted —for a 12-month rate of increase of 20.5 per cent.

Basic weekly wage rates of manual workers increased by 0.3 per cent between January and February to 328.8—July, 1972=100. This index has risen by 15.3 per cent in the last 12 months.

**£ in New York**

| — | Mar. 18 | Previous |
|---|---|---|
| Spot | $2.1845-1860 | $2.1930-1945 |
| 1 mnth | 0.23-0.28 prem | 0.31-0.35 prem |
| 3 mths | 0.84-0.89 prem | 0.81-0.86 prem |
| 12 mths | 0.65-0.75 prem | 0.90 1.08 prem |

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

**RISES**

| | | |
|---|---|---|
| Treas. 12¼pc 2003-05 A | £87¾ | + ⅜ |
| Armstrong Equip. | 50½ | + 3½ |
| Banro | 58 | + 5 |
| Barlow Rand | 390 | + 27 |
| Cowie (T.) | 43½ | + 3½ |
| DRC | 101 | + 7 |
| Horizon Travel | 268 | + 11 |
| Howard Tenens | 75 | + 5 |
| Johnson Matthey | 262 | + 7 |
| Tilling (T.) | 133 | + 9 |
| Tube Invs. | 280 | + 8 |
| Willis Faber | 248 | + 8 |
| Berkeley Explor. | 93 | + 10 |
| BP | 356 | + 8 |
| Charterhall | 61½ | + 4½ |
| Premier Cons. | 61 | + 9 |
| Shell Transport | 362 | + 8 |
| Siebens (UK) | 500 | + 30 |
| Tricentrol | 282 | + 18 |
| Ashton Mining | 120 | + 12 |
| Blyvoor | 586 | + 102 |
| Bracken | 182 | + 22 |
| Cons. Gold Fields | 473 | + 29 |
| Harmony | 888 | + 124 |
| Hartebeest | £22¾ | + 2¼ |
| Impala Plat. | 270 | + 20 |
| Leichardt | 290 | + 25 |
| North Broken Hill | 156 | + 14 |
| Otter Exploration | 78 | + 18 |
| Pacific Copper | 164 | + 16 |
| RTZ | 364 | + 24 |
| Rustenburg Plat. | 215 | + 27 |
| Samantha | 76 | + 18 |
| Utah Mining Aust. | 205 | + 15 |
| Vaal Reefs | £23 | + 2¼ |

**FALLS**

| | | |
|---|---|---|
| Channel Tunnel | 170 | − 30 |
| Reckit and Colman | 182 | − 6 |
| Vosper | 150 | − 13 |
| Walker (J.) | 95 | − 7 |
| Wair Group | 40 | − 14 |

## CONTENTS



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# EUROPEAN NEWS

## Schmidt to spearhead SPD poll campaign

BY ROGER BOYES IN BONN

THE WEST German Social Democratic party has announced its programme for the 1980 general elections, and has made quite clear that Chancellor Helmut Schmidt will be the party's main weapon at the polls.

The programme was released amid a rash of election fever. The ruling Social Democrat Free Democrat (SPD-FDP) coalition has now formally announced that the elections will be held on October 5 and all four major parties—SPD, FDP, the Christian Democratic Union (CDU) and the Bavarian-based Christian Social Union (CSU)—yesterday agreed on rules of conduct for the election campaign. Remarkably low election spending limits have been fixed, with the CDU entitled to spend DM 36m, the CSU DM 9m, the FDP DM 8m and the SPD DM 40m.

The SPD programme portrays the Chancellor as a bastion of reliability and common sense against the "incalculable risk" of a government headed by Herr Franz Josef Strauss. The manifesto goes under the slogan of "security for Germany"—security that is in terms of defence, energy supplies and the economy—and in its tone bears a resemblance to the Christian Democrat programmes of the 1950s which promised the electorate that there would be "no experiments."

Herr Hans-Juergen Wischnewski, deputy SPD chairman, said that no concessions had been made in the manifesto to the small anti-nuclear Ecologists party which won a significant slice of the vote at the Baden-Wuerttemberg state election at the weekend. The Ecologists won many of their votes at the expense of the SPD.

The SPD programme, however, describes nuclear power as unavoidable and gives a high priority to the solution of the problem of atomic waste disposal. There is a hint too that Bonn will in future cut down on state subsidies to industry — "the watering can principle should not determine how state aid is distributed within the economy."


Herr Wischnewski (left): no concessions to Ecologists. Herr Schmidt: main weapon.

In its treatment of the NATO decision to modernise its theatre nuclear weapons, the programme stresses the importance of the offer to negotiate with the Soviet Union as an integral component of the NATO move. The SPD leadership line, both on nuclear power and on weapons modernisation, met with opposition from the left wing at the party conference in December. But comments by a broad range of SPD politicians yesterday indicated that the party had reconciled itself to the inclusion of the two points in the manifesto.

The election spending limits are the same as those for the 1976 campaign, that is, in real terms substantially lower. This will be encouraging to the Finance Ministry. The initial campaign outlay is met from party coffers but this is refined by the state through a complex proportional compensation scheme. Even so, the limit for the FDP is still well above the resources of the Ecologists party which will contest the election in October.

## Private industrialist nominated to head Confindustria

BY OUR ROME STAFF

THE TOP executive of Confindustria, Italy's national employers confederation and the equivalent of Britain's CBI, yesterday nominated Sig. Vittorio Merloni to succeed Dr. Guido Carli, the confederation's outgoing president.

Sig. Merloni, managing director of the Merloni domestic appliances group based in Ancona on the Adriatic coast in central Italy, is now expected to be formally elected at Confindustria's annual meeting early in May.

His nomination reflects the decision of the Confindustria membership to chose a new president from the ranks of private industry at a time of renewed difficulties for the private sector and the economy at large. In contrast, Dr. Guido Carli, a former Governor of the Bank of Italy who was chosen to lead Confindustria four years ago, had little direct experience in industry.

Dr. Carli's election, backed at the time by Sig. Giovanni Agnelli, chairman of Fiat, Italy's largest private enterprise, was largely designed to enhance the status of Confindustria. In this Dr. Carli succeeded, but he failed in the task of producing a lasting and constructive dialogue with the trade unions in large measure because of the growing intransigence of the labour movement.

This led to demands by the Confindustria membership for the appointment of an industrialist closer to day-to-day dealings with the unions at shop-floor level to replace Dr. Carli when his mandate ran out. At the same time, representatives of small- and medium-sized industries were pressing for a chairman who was likely to be sympathetic to their problems and less linked to the large industrial groups.

Moreover, Confidustria members in southern and central Italy were anxious to see the election of a representative from their area to broaden the confederation's geographical representation. In the past, Confindustria has been orientated largely towards the north because of the heavy concentration to private industry there.

The protracted consultations to find a successor to Dr. Carli reflected, the difficulty of the choice facing Confidustria. But Sig. Merloni's nomination appears to have been an acceptable compromise since the 47-year-old industrialist is a representative of the younger generation of Italian businessmen. He also comes from central Italy where he has managed his own successful company.

## Cyprus air traffic dispute 'hazardous,' claims Turkey

BY METIN MUNIR IN ANKARA

CONFLICTING CLAIMS put forward by Greek and Turkish Cypriot administrations about the control of air space over Cyprus poses serious hazards to international aviation in parts of Eastern Mediterranean, according to the Turkish Ministry of Foreign Affairs.

The "hazards" stem from a controversy which started in 1974 when Turkey intervened in Cyprus. After the war, the Greek Cypriot Government said that it could not provide air traffic services over northern Cyprus which had fallen to the Turks and which became the Turkish Federated State of Cyprus.

In 1977, the Turkish Cypriots stepped in to fill the vacuum and started providing air traffic control from their new airport at Ercan. They established a service in two new air corridors.

Last month Greek Cypriots issued a note to airmen (Notam), announcing that aircraft using these corridors should now contact not Ercan but the Greek Cypriot airport at Larnaca.

The Turkish Foreign Ministry claims that the Greeks cannot provide this service because Larnaca does not have links with with Ankara and consequently no information about air traffic between Ankara and Cyprus.

"The Greeks (Cypriots), who are offering air traffic services, do not have the technical links necessary to provide for aviation safety," a Ministry statement said.

The Greek Cypriot move was understood to have been prompted by the lifting by Turkey of a 1974 notice to airmen during the Cyprus war. This Notam extended Turkish air space over parts of Greece and south over Cyprus. Both Greece and Cyprus refused to recognise this extension which they considered an encroachment on their sovereign rights. Greece shut down the Aegean to aviation.

When Turkey lifted 1974 notice to airmen, as a gesture of goodwill towards Greece, the situation reverted to the status quo ante. Greece opened up the Aegean air space to aviation after nearly six years. Greek Cypriots took the opportunity to reclaim the air space they had lost to Turkish Cypriots after the war.

## Throwing the book at Italian tax evaders

By Paul Betts in Rome

A "RED BOOK," listing 33,000 suspected tax dodgers, was published yesterday by Sig. Franco Reviglio, the Italian Finance Minister.

This is the first time the names of suspected tax evaders have been revealed by the authorities. It is part of a campaign by the Finance Minister to reduce tax evasion in a country where the average taxpayer has traditionally declared only about a quarter of his taxable income.

The list of suspects has been drawn up by the Italian fiscal police, the so-called Guardia di Finanza, following checks on some 65,000 people. The Finance Ministry claims that the 33,000 suspects have failed to declare a total L172bn (£90m) due to the state.

Publication of the Red Book has caused a public storm. Sig. Reviglio has been accused of unconstitutional behaviour in revealing the names of suspects who have not been charged with fiscal irregularities.

He has indicated, however, that he intends to go ahead with further checks and will publish more names. The Guardia di Finanza is expected to investigate the tax returns of 100,000 Italian citizens this year.

According to the Red Book, a volume of some 1,000 pages, the major tax evaders are to be found in the Italian oil industry who are suspected of declaring less than a twentieth of their real income.

They are followed by financial operators who declared only a fifth of their income, and by wholesalers declaring only a third.

Interestingly, the book contains the names of no well-known personalities, suggesting the existence of widespread tax evasion among smaller businessmen.

Some progress has been made in reducing tax evasion in recent years. Stricter procedures and the recent introduction of prison sentences for tax irregularities is expected to produce some L500bn in extra revenues.

However, Sig. Reviglio said a general reform of the fiscal system is still necessary to combat effectively tax evasion in Italy.

## Italy reports £560m January trade deficit

BY OUR ROME STAFF

ITALY HAS reported a sizeable trade deficit in January of L1,134bn (£560m) compared to a deficit of L321bn (£170m) in January 1979, according to official trade figures released yesterday. The January figure was the third successive monthly deficit.

The January deficit follows a L1,719bn (£900m) trade deficit last December and a L1,448bn (£760m) monthly deficit last November. Italy's overall trade deficit last year totalled L4,725bn (£2.5bn) compared to L363bn in 1978. The growing deficit largely reflects the increased cost of raw material imports, especially oil. However, there are also signs of declining export competivity in the country's key manufacturing sector.

At the same time, the lira is now coming under pressure again because of the strengthening of the dollar which is also having a substantial impact on the country's oil import bill. It is likely that this will lead to a further increase in petrol prices in Italy with top grade petrol rising by about L20 to L700 a litre.

In view of the central bank's decision at the weekend to tighten controls on the money supply, some Italian commercial banks have already increased their lending rates to prime borrowers by one point to 20.5 per cent. This latest upward adjustment has now lifted the average cost of money in Italy to about 25 per cent at the same level of the last lira crisis in 1976.

While the level of industrial output is still sustained there are signs that it could gradually slow down, especially in view of higher money costs and the failure so far to win trade union agreement to increase labour productivity.

These renewed economic problems have led to speculation over the possibility of a new lira devaluation. But the Italian central bank appears reluctant to resort to devaluation as it believes it would represent the soft option to relieve pressure on the economy.

Instead, the central bank is seemingly in favour of introducing a number of longer term recovery measures to correct the fundamental weaknesses of the country's economic system, including modifications in the highly inflationary wage indexation system and reduction of the ever-expanding public sector deficit.

However, in the face of the latest political crisis, the monetary authorities could be forced to intervene should the lira continue to lose further ground to the dollar and against other major European currencies.

## Prague rejects dialogue with civil rights group

BY LESLIE COLITT IN BERLIN

THREE YEARS after the founding of the Charter 77 human rights movement in Czechoslovakia, a leading Prague Communist has said there will be no compromise with the few remaining activists in the movement.

Mr. Jan Fojtik, a secretary of the Central Committee, writes in the current issue of a Prague ideological monthly that there can be no dialogue with the spokesmen of the "so-called Charter 77" whom he accuses of being "asocial elements" committing "criminal acts."

Charter 77 has been weakened by the imprisonment and exiling of its most prominent members and the reluctance of most Czechoslovaks to become involved in politically dangerous human rights activities.

Mr. Fojtik said the United States and other "bourgeois governments" want Czechoslovak officials to begin a dialogue with Charter 77 as a sign that Prague is fulfilling the terms of the 1975 Helsinki declaration. He calls this a "gross interference in the internal affairs of our country."

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# Toxic germ accident alleged in USSR

BY OUR FOREIGN STAFF

WESTERN DIPLOMATS believe that there is a strong possibility that the Soviet Union has broken a major international treaty by producing toxic germs which could be used in warfare.

The basis for their belief is a series of reliable reports that a serious accident occurred in the Soviet Unioo last April when over 100 people died and several bundred bad to be hospitalised after lethal anthrax germs escapad near tha military city of Svardlovsk in the Ural Mountains.

The Soviet Union yesterday angrily denied allegations that tbe 1972 treaty banning use of germs had been violated. It described as "impudent slander" a U.S. government request for further details to establish if the treaty had been broken.

An official of the Sverdlovsk city council, who was also reached by telephone from Moscow, when asked about the reported accidental release of biological agents, said: "I cannot say anything at all about that question."

The Financial Times first learned abont events in Sverdlovsk in Moscow last spring. The reports—which were then unsubstantiated—claimed that large numbers of people were dying in the city, as a result of a leak at a germ-warfare plant, and that bundreds were being hospitalised.

A vital clue which underlined the reports came in a series of threa articles by Vecherny Sverdlovsk — the town's evening newspaper—at about the same time warning residents of a disease described as "Siberian Ulcer."

Siberian ulcer is the Russian term used to describe a deadly bacterial disease called anthrax whose toxin is one of the agents used in germ warfare.

Yesterday a staff member of the newspaper confirmed that the articles had been run describing how the residents of the industrial town should protect thamselves from the rare disease which, it said, was normally transmitted through contact with infected livestock.

The Sverdlovsk newspaper is unavailable in Moscow and Sverdlovsk is closed to foreigners. It was, therefore, impossible to find independent corroboration for the story which has now been provided with the appearance of othar accounts of an accidental leak and mass deaths in Sverdlovsk and the explicit confirmation of the appearance of the articles in Vecherny Sverdlovsk.

*Biologists say that the only* way antbrax could break out on a wide scale, if the bacteria were not being deliberately produced, *would* bave been through the presence in Sverdlovsk of large numbers of infected cattle or sheep.

Sverdlovsk, however, is a steel-producing centre, and the only concentrations of domestic animals of any size are cows for bilk production kept in collective farms some 50 to 100 miles away.

One month ago a West German paper reported that the deaths had exceeded 1,000 and on April 3 at Military Installation No. 19 near Kaschino. This is 20 miles from Sverdlovsk, where a special dapartment was set np in a bospital staffed by the Red Army. The Soviets were reported as having no antidote, and those infected


admittance because their lungs died less than four bours after and bronchial tubes became paralysed.

Western diplomats are reacting and concern at the possibility of Soviet interest in bacteriological weaponry. Such weapons hava been tested by various countries including Britain in the Second World War but have never been used. Military analysts consider them unpredictable, difficult to control and of dubious military value.

Western officials also argue that whatever the *Soviet Union* may do, it bas tended to stick to the letter of its treaties with the West—and producing and stockpiling germs for offensive purposes is forbidden by a treaty which was signed in 1972 and came into force in 1975.

This treaty has been signed by all major powers except France — though this has domestic legislation of similar effect—and China. The first review conference on the treaty started in Geneva on March 3. Delegates report that the review had gone well.

The Soviet Union had resisted attempts to make it disclose information on what materials it bad destroyed following signature of the treaty. Disclosure was not required by the treaty but was seen by the West as a "confidence building measure." There wasa lso tha possibility of a permaoent international committee being set up to deal with issues arising from the treaty and in particular with potantial breaches. Now, however, delegates fear that this possibility bas receded.

In the 1960s, chemical and bacteriological weapons were linked for the purpose of disarmament, but, following a British proposal, they were separated and by 1972 "the convention on the probibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and their destruction" was signed.

For the past four years the two major holders of chemical weapons, the U.S. and the USSR, bave been negotiating bilaterally on a treaty banning chemical weapons. Slow progress has been recorded with the main problem being how to verify that the treaty is being observed.

Tha peculiar borror of biological warfare, and of the particular weapons that rely on highly virulent and infectious bacteria and viruses, is that they are aimed directly at civilian populations. Before the anhanced radiation neutron bomb was developed, even nuclear weapons had other purposes beyond *killing* people like knocking out military and industrial sites.

The military attractions of *both biological* and *chemical* warfare are that they offer a cbance to secure enemy-beld territory without destroying strategic installations, and that they are relatively cbeap both to produce and to deliver with biological weapons. A small quantity of harmful living bacteria or viruses sprayed in the atmosphere will be inbaled, multiply and spread. The agent can be sprayed from the air, infiltrated through water systems or spread by animals.

It is advances in microbiological research over the past decade which now offer Governments their best opportunity yet to develop effective biological weapons. Genetic engineering techniques involving recombinant DNA mean that it is now possible to splice complex chemical substances known as toxins into bacteria like E. coli which inhabit the human gut and reproduce quickly to "manufacture" the toxins.

# Italian equipment 'no help' to Iraqi N-bomb

BY RICHARD JOHNS, MIDDLE EAST EDITOR

*EQUIPMENT* being supplied by Italy to Iraq will not contribute in any significant way to the Arab country's capacity to produce nuclear weapons, according to British scientists yesterday. They were commenting on U.S. Press reports which said tha equipment could be used to manufacture bomb-grade plutonium.

The issue bas become part of a campaign on Capitol Hill to block the sale by General Electric of the U.S. of gas-turbine engines required to power Italian-manufactured Luop-class frigates ordered by Iraq. As yet the U.S. Administration has not granted export licences for the LM-2500 engines. *Indications are* that it will now give the go-ahead.

The *suggestion—attribnted* to officials in the U.S. Administration—is that "hot cells" which Italy has agreed to provide for Iraq are sensitive technology in the context of nuclear non-proliferation.

A "hot cell" is, in effect, no more than a protectiva shield required in any research involving radioactive materials. Iraq has embarked on such a programme and there are serious doubts about the commitment contained in its ratification of the non-proliferation treaty.

The Italian *National* Committee for Nuclear Energy has denied that it is selling research equipment of a kind *that* woold enable Iraq to produce either plutonium or enriched *uraninm of a kind* required for the construction of a bomb.

France's agreement to supply weapons-grade enriched uranium to Iraq, as well as a research reactor, is considered more serious that the Iranian deal. France was to have provided a low-enrichment fuel known as "Caramel" but recently announced that the fuel bad not yet been sufficiently developed and that it would, therefore, be making available a "few kilos" of fuel enriched at 90 per ceot.

France *has given assurances* that all non-proliferation precautions will be applied. At the same time it is generally acknowledged that a research reactor fuelled with highly enriched *uranlum is* a very poor producer of plntonium.

Paul Betts writes from Rome: U.S. irritation over Italian proposals to supply Iran with spare parts for 20 Chinook helicopters made under licence by the Agusta state aerospace group and sold to Iran before the revolution are believed to be behind State Department criticism of Italy

The latest charges have been denied by Italy which claims it has not sold Iraq any technology that could help build a nuclear bomb.

*Italy signed* a co-operative agreemeot with Iraq four years ago which covered the nuclear sector, but it claims it has only supplied Iraq with nuclear technology for peaceful purposes.

# Polish bishop to boycott national poll

By Christopher Bobinski in Warsaw

A POLISH Roman Catholic bishop has said publicly that he will not be voting in national elections this Sunday in protest against the barassment of religious ceremonies in Silesia, an industrial area in southern Poland. The barassment and the statement by Bishop Francis Musiel, of Czestochowa, threaten a deterioration in Church-state relations here.

Police yesterday also broke up a news conference at the home of Mr. Jacek Kuron, a spokesman for the Social Self Defence Committee, a civil rights group. Mr. Kuron was announcing that his group had decided to call for a boycott of the elections.

# EEC group warns of trade threat from Japan

By John Wyles in Brussels

A DEMAND that the EEC should be ready to take protactive measures against rising imports of Japanese engineering and electronic goods has been mada by Orgalime, the organisation representing engineering and metal working trade associations in the *Community*, and five EFTA countries.

Responding to growing concern among its 23 members, *the organisation has compiled* an 11-page memorandum detailing the EEC's rising trade deficit in engineering goods with Japan and calling for a tougber stand.

It questions the adequacy of the Community's approach to trading relations with Japan and urges "unified political will" leading to "a definite mandate to the Commission from member countries to proceed *to stronger* measures *in* cases where co-operative methods bave had no effect."

Among other things, Orgalime wants to prevent a repetition of Japanese gains in the consumer electronics sector and in other areas such as electrical componentry. It argues that as long as the Japanese Government knows that the EEC position has no "solid core" of readiness to act, there *is* unlikely to be much change in present trends.

These include a sevenfold increase in Japanese electronics exports to the Community between 1970 and 1978, so that the overall deficit in mechanical engineering and electrical goods has risen from broad balance to nearly \$3bn, or 60 per cent of Japan's total trade surplus with the EEC.

Orgalime says there is no EEC need for blanket protection against Japanese imports, but it calls for careful scrutioy of Japan's compliance with GATT rules on dumping, subsidies and restrictive business practices. This in turn requires improved observation of the Japanese home market and the need for an early warning system to ensure Community wide action before "important *sectors of European* industry are irretrievably damaged."

In a reference to consumer electrooics, the memorandum suggests that the import tide is now virtually impossible to turn and that as a result the position is already "virtually irretrievable."

# French moderate line on UK budget issue

BY ROBERT MAUTHNER IN PARIS

IN A move intended to take some of the acrimony out of the dispute over Britain's contributions to the EEC budget, the French Government yesterday indicated that it was prepared to examine Britisb demands for a reduction in its payments.

Though a communique, published after the weekly Cabinet meeting, sbowed that there bas been no cbange in France's basic position on *the problem*, its tone was more conciliatory than the tough statements made by French Ministers over the past few days.

Significantly, it made no mention of France's previous threat that it would decline to discuss Britain's demands at the forthcoming Brussels summit, in tha absence of formal EEC Commission proposals on the subject.

The communique *said* that "in keeping with the principle of Community solidarity, France was prepared to examine the demands by *countries* in exceptional difficulties as the result of their financial contribution." The UK was not mentioned by name, but the reference was clear.

That, bowever, appears to be the limit of the French concession, if it can be described as such. The communique emphasised that *any* measures taken to alleviate a member country's financial burden must *be of limited duration* and be compatible with the Community's budgetary resources, while the UK has asked for permanent arrangements.

In particular, the measures must be in line with forecasts for the Community's budget in 1981.

The French Government also repeated its now well-publicised position *that* such measures "aimed at modifying the application of agreements signed and ratified by interested governments," could be *adopted* only in the context of a global settlement embracing all the problems in suspense in the Community.

The Government underlined its firm support for the "own resources" system of Community financing, under wbich member *states* pay *all their customs* duties, farm levies and a proportion of VAT receipts into the common bndget.

*The rules of this system*, which expresses "Community solidarity," must be maintained in the future, the communique said. It also stressed that France rejected any mechanism which would re-distribute Community funds or reduce member states' net contributions according to *crileria based on a* country's wealth, as bad been suggested by the Britisb Government.

"France is not directly concerned by sucb a suggestion since it bas not benefited in 1979, nor will it in 1980, from a surplus of Community payments. In any case, if the principle of a 'fair return' were accepted, it could not be applied to one country only."

# Thatcher is determined

BY ROGER BOYES IN BONN

BRITAIN DID not want to spark off a crisis in the European Community Mrs. Margaret Thatcher, the British Prime Minister, declared yesterdoy. But she stressed that she would hold *out* for a *fair* solntion to the budget problem.

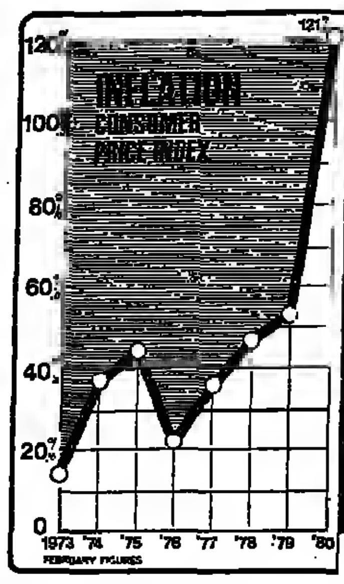
Speaking in a wide-rangiog interview with Herr Rainer Barzel, a leading Christian Democrat politician, Mrs. Thatcher also defeoded Britain's eoergy policies. Bonn, unhappy with tbe price and quaotity of North Sea oil supplied to Germany, has been urging a common energy policy.

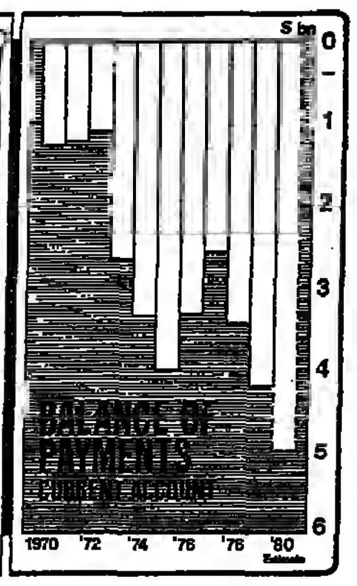
Mrs. Thatcher said Britain *already exported* over *half* its oil to Europe, and the prices followed rather than led world market trends.

Underlining her unhappiness with the way the budget problem was being handled, Mrs. Thatcher said: "If there is an EEC chisis then it will not be caused by the UK, but by those who expect her to pay the largest contribution despite her situation. Things canoot go on like this."

David Lennon, in Tel Aviv, examines the likelihood of early elections

# Israelis losing their faith in Begin




BESET BY economic woes, deepening international isolation, and destructive Cabinet infighting, Mr. Menahem Begin's Government is once again the focus of talk about early elections.

Early elections are "inescapable," says Mr. Sbimon Peres, chairman of the opposition Labour Party, claiming that this time it is not just the view of bis party, but of politicians in general.

He has some justification, for it was Dr. Yosef Burg, veteran leader of the National Religious Party, who first spoke in public recently about bringing forward the November 1981 elections. His party, with 12 members in the Knesset (Parliament), is the largest junior partner in Mr. Begin's 65-strong coalition.

Even Dr. Burg, the Interior Minister, was carrying only a little further the Defence Ministers remarks that the Govarnment is making the public sick of it, and the Housing Minister's comment that the Government bad made life in Israel a hell.

Leading members of the Democratic Movement, a junior coalition partner with six seats in the 120-member parliament, have added their voices to those calling for early elections. They bave asked for a meeting of their secretariat to decide on withdrawing immediately from the coalition, in the bope of bringing the Government down.

Mr. Peres has responded to thesa anguiabed voices by bolding a series of meetings with the coalition's smaller parties. He insista these talks were not designed to cook up an alternative coalition in preparation for new elections, but simply to persuade them that it is in the national interest to bring down the Begin Government.

Public support for the Governmeot is now so low that opinion polls see his Likud block losing half its parliamentary strength if elections were held now. Labour, whicb ruled for 29 years before the Likud victory in 1977, is forecast as winning an absolute majority for the first time in the history of the state.

But, of course, the possibility of the Likud block's strength being balved is keeping its divided partners rooted to their parliameotary seats, as it did through earlier crises when the Government appeared in danger of collapse.

Tbe last crisis was in the autumn, wben tbe Finance Minister's inability to tackle inflation and the gaping balance-of-paymenta deficit created by bis own policy led to his replacement by Mr. Yigal Hurvitz.

Mr. Hurvitz's appointment gave the coalition new hope. A tough-talking, no-nonsense farmer turned successful busineasman, turned politician, be made determined statements about righting tbe economy by curbing inflatioo and cutting the trade deficit.

His medicine was tight credit restrictions, slasbed subsidies on basic consumer items, warnings of unemployment, and a promise of a no-growth budget. Brave talk, but not exactly designed to please tbe blue-collar voting base of Mr. Begin's Herut Party, the Likud Block's senior component. Neither did it please the businessmen who supported the Liberal Party, the Likud's second-largest component.

The stagflation bla policiea began to induce bardly pleased anyone. But worse was his failure to keep government spending down. Despite unprecedented efforts to cut ministerial budgets in the 1980/81 budget, the 6 per cent cut effected in the social ministries was wiped out by a 9 per cent rise in local defence spending, which will lead to overall domestic government spending rising by 4.5 per cent this year.

Even as economists at the Bank of Israel, the central bank, were sbaking their beads at wbat they saw aa a budget likely to beat up the economy again, more bad news arrived.

Over the weekend, Mr. Hurvitz's anti-inflation policy was dealt two more blows. The hardest was the Cabinet's failure to back his stand against giving teachers a 16 per cent pay rise due to them under old agreements. The victory for the teachers, who had staged atrikea and disruptions at schools, is hound to encourage many other groups demanding equal benefits.

Tbe other setback was an agreement between the Histadrut labour federation, the industrialists and the Treasury that new overall wage agreements be concluded in April. The minister had hoped to prolong the existing wage agreements automatically beyond next month's expiry date, with compensation limited to cost-of-living increments equivalent to 80 per cent of the rise in the cost-of-living index.

These breacbes in Mr. Hurvitz's policy bave begun to tarnisb bis image as a man who can push tough policies through the warring Cabinet for the benefit of the nation.

To accompany this loss of bope in the Government's ability to cure the economy came growing Western criticism of Israel's settlement policy in the occupied territories and a rising tide of open aupport for the Palestinian cause.

This intensified international isolation, with the increasingly open rifts with President Jimmy Carter's Administration in Washington, bas worried both the politicians and the public in Israel. Thera is considerable anger within Israel at the Government's role in aggravating the dispute with Washington by ill-timed pronouncements about settling Jews in Hebron on the West Bank and expropriating 1,100 acres of Arab land in Jerusalem.

Mr. Peres actually speaks about the need for elections to "save the nation" from the ravages of Likud. There are increasing signs that some coalition members feel the same, And will act accordingly if they feel they can guarantee their political survival in the ensuing upheaval.

Altbougb the Begin Government bas survived similar crisea, the feeling is growing that this may be one crisis too many.

Ezer Weizman: visit denied in S. Africa

# Weizman mission to Pretoria

By Our Tel Aviv Correspondent

ISRAEL'S Defence Minister, Mr. Ezer Weizman, paid a secret three-day visit to South Africa last week to discuss security matters with South African leaders, Israel Radio reported yesterday.

The Israel Government has refused to confirm the report and South Africa haa categorically denied that the visit took place.

Mr. Weizman was sent on the secret mission by Mr. Menahem Begin, tbe Prime Minister, who only informed three other Cabinet members. The news waa leaked to the radio after Mr. Weizman reported back to Mr. Begin on Tuesday night.

Israel is not keen to give publicity to its ties with South Africa, although it bas not been able to hide the fact that two-way trade has grown sbarply in recent years and now exceeds $100m a year.

South Africa sells Israel steel, coal, tobacco, and other commodities, wbile Israeli sales to South Africa include pbosphates, animal feed, and sophisticated electronics.

Despite a complete blackout on military relations, it bas been widely reported abroad that Israel bas sold a large range of military equipment to South Africa, including missile boats and sea-to-sea missiles.

It has also been reported that South Africa supplies the steel and know-bow used for making the armour-plating of the Israeli-made Merkava medium battle tank.

The Weizman visit, if it took place, came only days after Israel bad denied reports that it bad been involved with South Africa in detonating a nuclear device in the Pacific last year. It has also been reported abroad that Israel co-operates with South Africa on nuclear research.

Relations between the two countries were strengthened and deepened after the visit to Israel in 1976 by Mr. John Vorster, then the South African Prime Minister.

In February, 1978, the first-ever official visit by an Israeli Minister to South Africa was made by Mr. Simcha Erlich, then the Finance Minister in the Begin Government.

The radio yesterday quoted unnamed Government officials as saying that Mr. Weizman's trip waa one of a series of regular visits by Ministers from the two countries, not all of which are publicisad.

# Congressman seeks $2bn more in budget cuts

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE Chairman of the House Budget Committee yesterday presented an alternative regime of cuts in public spending approximately $2bn more severe than that advanced by President Certer in his anti-inflationary package of last week.

The plan was unveiled by Representative Robert Giaimo, the Connecticut Democrat, against a background of a likely intense congressional debate on cutting tha budget in the weeks ahead.

Altbougb bis blueprint bas the qualified endorsement of the House Democratic leadership, his figures are by no means set in concrete. Even his determination to reduce spending by more than the President may not bold up in the ensuing congressional deliberations.

Mr. Giaimo's packaee envisages cutting expenditure by $15.9bn in the 1981 fiscal year beginning in October. Tbe President proposed cuts of $13bn-$14bn, the full details of which are to be revealed later this month.

If his proposals are accepted, Mr. Giaimo believes tbat the 1981 federal hudget could be in surplus by $4.9bn. But he acknowledged that his sums were predicated on a lower rate of inflation—less than 10 per cent—for the current calendar year than is likely to occur: the Administration anticipates that consumer prices will rise by closer to 12 per cent.

## Freeze

The specifics of Mr. Giaimo's cuts include the ending of Saturday postal deliveries, the elimination of the $1.7bn ahare that the states get from general revanue sharing (this is also an Administration proposal), fairly sharp cuts in existing public works programmes, a freeze in federal job hiring, a 2 per cent cut in federal administrative costs and the slower purchase of oil for the national oil stockpile. Even Congress itself would forego a scbeduled cost-of-living income increase.

He also nibbles, but hardly bites, at what many see as the critical bullet of the indexation of social security and other welfare benefits. He has proposed that cost-of-living adjustments to such benefit payments only be made once a year, at present. But he is not suggesting that this should be applied to all social programmes, nor is be proposing that cost-of-living adjustments be held below the prevailing rate of inflation.

Also likely to surface in the Congressional deliberations are ideas for additional revenue raising measures (perhaps via an income tax surcharge on wealthier Americans) and the earmarking of the $10bn proceeds of the oil import fee to finance selective tax cuts.

# Argentina and Brazil discuss nuclear pact

BY ROBERT LINDLEY IN BUENOS AIRES

A BRAZILIAN nuclear power mission arrived in Buenoa Aires this week as part of Argentina'a stepped up activity in its ambitious nuclear programme. The mission was led by Sr. Hervasio Guimaraes de Carvalho, president of Brazil's nuclear power commission.

The two countries, both customers of West Germany's Kraftwerke Union (KWU), are discussing exchange scientists and technicians, exploitation of uranium reserves, production of radio-isotopes and manufacture of reactors.

If a nuclear accord results from tbe talks it could be aligned when Gen. Joao Baptista de Figueiredo, Brazil's President, visits Argentina in May.

Argentina, the Latin American leader in nuclear power development, has signed bilateral nuclear agreements with Bolivia, Chile, Colombia, Paraguay, Peru, Uruguay and Venezuela. In 1977 it became tbe first Latin American country to export nuclear technology when it agreed to supply Peru with an experimental reactor.

Argentine officials consider the talks urgent because a U.S. nuclear mission is due to arrive on Sunday. Lately the U.S. State Department has eased its pressure on Argentina to agree to the U.S. position on nuclear non-proliferation.

Argentina haa repeatedly declared its willingness to satisfy the requirements established hy the International Atomic Energy Commission. But it haa stated that it would not accept additional requirements by the commission.

It is doubtful wbether Argentina will be able to maintain this position. Last year it contracted with KWU for the installation of a third nuclear reactor, Atucha Two, near Buenos Aires. But Bonn has refused so far to approve the deal until it gets further guarantees from Argentina.

At the moment, a West German delegation led by Herr Guntber Well, Secretary of Foreign Relations, is in Buenos Aires.

Admiral Carlos Castro Madero, president of Argentina's atomic energy commission, said last week that Argentina "has no intention" of developing nuclear weapons.

This week Gen. Albert Buchalet—tbe "father of the French atomic homb" in Bueoos Aires on a private visit—said Argentina could "make an experimental bomb . . . although I do not know if this would be very interesting for Argentina, which has no enemies in sight."

# Chicago's political machine sputters

By David Buchan and Maralyn Edid in Chicago

MAYOR JANE BYRNE of Chicago "ain't doing cartwheels" over Tuesday's primary election results in Illinois, a spokesman said yesterday in pointed understatement.

Mrs. Byrna had put the vaunted Chicago political machine behind her political choices—most notably Senator Edward Kennedy for the Democratic presidential nomination and Alderman Edward Burke, ber hand-picked Democratic candidate for state's attorney, a prosecuting job that in the wrong bands can embarrass City Hall. Both men lost heavily.

For Chicagoans, the Illinois Democratic primary had come to be largely a referendum on Mrs. Byrne. Sbe does not face the voters again until 1983 but has in her first nine months as mayor proved deeply controversial. She could not deliver on ber promises to Senator Kennedy, wbo not only failed to carry the city and all its ethnic minorities against President Carter, bot also won only 16 delegates state-wide.

## Harping

Mrs. Byrne had earlier said that the senator could at least count on the vast bulk of tbe 49 delegates Chicago fields for the national nominating convention.

The Chicago mayor hlamed the Press's harping on the Chappaquiddick issue for the failure of the senator to put over his warnings about Mr. Carter's economic policies. In fact a television survey on Tuesday showed that of the few Democratic voters who made up their minds in the 48 hours before the poll, more went for Mr. Kennedy than the President.

This was not enough to save Mr. Kennedy but showed that the President's new counter-inflation measurea, which will reduce federal payments to big cities lika Cbicago bas cost him support.

## Trounced

At the local level, the man who did most on Tuesday to de-rail Mrs. Byrne's Democratic machine was ironically the son of Mr. Richard Daley, the late mayor, from whom Mrs. Byrne inherited the apparatus.

Mr. Daley the younger soundly trounced Mrs. Byrne's candidate in the primary for the state's attorney post—showing that the Daley name at least still has some pulling power. He is considered a mayoral rival to Mrs. Byrne three years hence.

# Machel warms to private sector

BY BERNARD SIMON IN JOHANNESBURG

MOZAMBIQUE'S Marxist Government appears to bave launched a campaign to attract foreign investment and to reassure businessmen that it will allow private enterprise a substantial role in the economy.

President Samora Machel said during a four-hour speecb in the capital, Maputo on Tuesday that the end of the Rhodesian war would enable Mozambique to turn its attention to the reconstruction of its internal economy.

In particular, he criticised the "leftist deviation in the Mozambique revolution" which bad led to excessive state involvement in private enterprise. Mr. Machel singled out the inefficiency of nationalised small businesses and said the quality of their service had dropped below acceptable standards. He announced that the Government intended to return inefficient and corrupt businesses to private ownership.

Mr. Machel also mentioned the country's poor transport system and the declining standards of botels. He invited expatriates to return to Mozambique to invest in tbese and other ventures.

The Government is expected to unveil details of its first 10-year developmant plan within a few months. According to businessmen recently in Maputo, this will probably give high priority to agricultural development, particularly of basic foodstuffs. Tha plan apparently aims at an overall annual growth rate of around 15 per cent, funded in part by larger foreign investment inflows.

Inefficiency and corruption among the bureaucracy has been a major prohlem for foreign investors up to now. The Government appears, however, to be giving high priority to improving the competence of tbe civil service.

Mr. Machel said on Tuesday that the state apparatus was "sick with parasites" and that those found guilty of corruption would be punisbed severely.

Hhis remarks came soon after a visit to Mozambique by about 30 executives of leading multinational companies, including Caterpillar Tractor, Sumitomo, Beechams and Hoechst. The visit, organised by the U.S. research company, Business International aimed at gauging the Maputo Government's attitude to foreign investment.

According to one of the participants, the authorities indicated that private enterprise would be allowed to continue in certain sectors, in some cases with Government participation. Private interests currently have a stake in one of the country's banks, as well as in the freight-forwarding industry and oil and mineral exploration.

The encouragement of foreign investment appears to stem in part from disappointment with the contribution to economic development of Mozambique's close political ties with the Eastern bloc.

The economy has made little progress since independence in mid-1975.

# U.S. seeks reparations from Iran

Tbe U.S. said yesterday that it would press its claims against Iran before the World Court even if the hostages beld in Tehran were released, Reuter reports from The Hague. A State Department legal adviser arguing the U.S. case on the embassy seizure said Washington was asking the conrt to condemn Iran for breaches of international law and to order Iran to pay reparations in an amount to be determined later. It also asked that the people bolding the hostages be prosecuted or extradited to the U.S.

## Singapore prices up

Singapore's consumer price index rose 9.3 per cent to 112.6 (hase June, 1977/May, 1978) in February compared with Fehrnary, 1979, Renter reports. The Department of Statistics said the increase was mainly because of higber food prices.

## More Burmese oil

Burma prodnced 10.8m barrels of crude oil in 1979, an increase of more than 800,000 barrels over the preceding year, our Rangoon correspondent reports. This was disclosed in a report by the Council of Ministers to the People's National Congress which opened its annual budget session yesterday. The report said tha quantity produced would satisfy domestic needs and leave a surplus for stockpiling and export.

## Hong Kong visit

China's Foreign Minister, Huang Hna, arrived in Hong Kong yesterday for an unofficial visit, Renter reports.

# Oil workers' pay deal may test guidelines

BY IAN HARGREAVES IN NEW YORK

OIL REFINERY workers will vote in the next few days on a pay settlement which seems certain to end their 11-week-old strike.

The agreement, reached between the Oil Cbemical and Atomic Workers Union and Gulf Oil is expected to set a pattern for the wbole industry.

As the first major pay contract of the year, it will supply the first test of the voluntary pay guideline of 7.5-9.5 per cent recently adopted by the Administration. President Carter announced in bis weekend anti-inflation package that monitoring of the guidelines would be stepped up by increasing the staff of the Council on Wage and Price Stability.

The oil deal appears to be a borderline case. It involves a straight $1-an-hour increase for this year and a 10.5 per cent increase for the second year of the contract.

The 10.5 per cent award is permissible under the council'a rules for workers without automatic cost-of-living adjustments. But fringa benefits in the deal will have to he examined in detail

Meanwhile Ford Motor has decided not to appeal against the council's decision that its autumn pay settlement was outside the 1980 guidelines.

The deadline for an appeal passed on Tuesday. Mr. Peter Pestillo, vice-president for labour relations, said: "Although we believe we bave a strong case, we think it would he ineffective to appeal."

Ford will be officially listed a violator and the federal Government's procurement agency will be recommended to exclude Ford from bidding on contracts.

Althougb several companies have been listed so far, the contracts ban has not heen used. Ford, bowever, will be much the largest company to find itself in this position.

The council also announced that it would be seeking special price reports from 250 companies because of "disturbing price increases" in recent months. The oil refiners figure prominently among the companies affected, althougb the decision to investigate their pricing in the final quarter of last year is unrelated to the current labour settlement.

# Assam blockade threat deplored

NEW DELHI—Mrs. Indira Gandhi, the Indian Prime Minister, told Parliament yesterday that her Government was opposed to a threat to blockade Assam. The threat bas been made by her Congress (I) Party supporters in West Bengal state.

Mrs. Gandhi told a questioner that the Government was trying to get full information on a threat to stop all trucks, freight trains and aircraft leaving West Bengal for north-eastern Assam state on March 24 in retaliation for agitation against Bengalis in the state.

"I want to make it very clear that we are not for any step which will increase or aggravate tension in anyway whatsoever," she said.

Earlier the Congress (I) Party's state leader in West Bengal, Mr. Subrata Mukherjee told reporters in Calcutta that all trucks and freight trains carrying supplies for Assam would be stopped. Aircraft would be prevented from leaving Calcutta's Dum Dum airport.

Mr. Mukherjea said the action, which would be carried out mainly by Congress (I) students and youth wing members, was in retaliation for student-led agitation in Assam against so-called foreigners, including thousands of Bengalis.

Tbe Assamese agitation bas been going on for about six montha witb more than 30 deaths. The movement is aimed at removing from electoral rolls illagal Bangladesbi and Nepali immigrants, and is also against people from West Bengal who have migrated to Assam over the past 30 years.

Talks between Mrs. Gandhi and Assam student leaders broke down last week when the students insisted that any outsider whose name had bean included on the Assam electoral rolls since 1951 sbould be struck off. The government wants the date to he 1971. Reuter

# BBC advisers for Mugabe

A FOUR-MAN BBC team is to leave for Rhodesia next week to advisa on broadcasting after indapendence, our Foreign Staff reports.

Tbe team is likely to be in the country for two or threa weeks and will make recommandations to Mr. Robert Mugabe's Government on development, finance, technical operations and training.

The team leader will ba Mr. Peter Hardiman Scott who retires next week as chief assistant to tha director-general.

# In pursuit of the elusive Wall Street analyst

BY DAVID LASCELLES IN NEW YORK

"A WALL STREET analyst said . . . ." The phrase cropped up again in reports on President Jimmy Carter'a anti-inflation package last weekend. It appears in countless business reports from New York. Who are these much-quoted but seldom seen experts, who have a ready comment on most things which go on in corporate America?

According to the Nelson Directory of Securities Research, a thick tome which comes out each year like a Who's Who of the analytical community, some 1,300 people in the U.S. make their living as analysts. Most work for brokerage houses on Wall Street, wbere they sift mountains of infnrmation about everything from the price of broilers to interest rates, and then advise clients on how hest to approach the market, whether as borrowers or investors.

One is Mr. Charles Maxwell, vice-chairman of Cyrus J. Lawrence, an old and prestigious investment company which operates from an ornate Gothic building just off Wall Street. Mr. Maxwell ranks among the more prominent members of his profession for two reasons: be follows tha higgest indnstry of all, oil; and he has huilt a reputation after 13 years in the business as one of the hest men in his field.

A dapper, articulate man with thick rimless glasses and a darting sense of humour, he takes a fairly unsentimental view of his profession, seeing it as part of the great Wall Street money-making machine where having the right information at the rigbt time is a large part of the game.

He descrihes his joh as "working out what the stock market expects to happen, and then matching this against what I think or know will happen. If there is a discrepancy, then there's probably an investment opportunity for my clients."

Mr. Maxwell estimates about 10 per cent of his time is spent talking to the oil companies ba follows, 30 per cent analysing data and writing reports, and the rest marketing Cyrus J. Lawrence's wares. He makes a point of visiting Europe a coupla of times a year, and Japan once a year. He also makes up to six discussion tapes a year ahout oil industry prospects, for distribution to clients.

Mr. Charles Maxwell: right information at the right time

In line with the popular view of analysts, he keeps charts to track abare prices, although be is not convinced of their value. "People expect me to bave charts," he says, "but stocks don't always obey them." He prefers to use his instinct and expertise.

The role of the analyst has changad considerably in the past 20 years, and the demands on him have become heavier as the market has grown more complex and volatile, he says.

After World War II, stockhroking was still very much "seat of the pants stuff." But the growth in institutional investment and the mounting legal complexity of securities trading in the 1950s created a need for people who could offer investors more soundly baaed advice.

A new breed of analyst quickly came into its own, and hy the 1960s brokerage houses had huilt up large teams of them as selling points for tbeir services. This, he says, was the "decade of the analyst." They were Wall Street's stars, and were paid accordingly.

But then came the abolition of fixed-rate commissions, and a chill wind swept Wall Street. The huge teams of analysts were whittled down as brokerage houses struggled to contain costs or merged with floundering brethren. At the same time, it became fashionable at banks and financial institutions to have "in-house" analysts or resident experts to form their own opiniona about the market.

All this left the Wall street analytical community leaner although, Mr. Maxwell believes, of higher calibre. "There are fewer analysts today, but more veterans, and they make better analysts."

The other big change is tbe vogue for following the "technicals" of the market (margins, short interest, index trends and so on), rather than "fundamentals," which are forces in the economy and industry which affect earnings, and through them the stock market.

Mr. Maxwell, who is 47, did not start out in life as an analyst. After graduating in political science from Princeton, and in Arahic and Persian from Oxford, he decided to go into the oil business, joining Mobil with which he worked in the UK and Nigeria. "I was fascinated by the oil business, although I don't exactly have crude oil oozing from under my fingernails," be said.

His other passion was the stock market. He first invested money at tbe age of 10 and never looked back. He was eventually able to combine tbese twin interests when C. J. Lawrence offered bim his present job in 1968.

He went to Wall Street just as people were getting excited about oil on the Alaskan North Slope. By dint of some subtle quizzing of the oil companies, he deduced that the oil wells were vastly richer than Wall Street realised. He was thus ahle to ride the surge in oil share prices when the facts came out a few months later.

There have been fewer dramas since those heady early days. But Mr. Maxwell put out strong "huy" signals when President Carter announced his plan to abolisb U.S. oil price controls last year. The aurge in oil company earnings and share prices which followed was one of the few bright spots on Wall Street in an otherwise dismal 12 months.

As for the future, be believes the oils may bave temporarily run their course as the glamour issues of the market. At the end of February, he quietly began to advise his clients to take some profits and sell, becauae most of the foreseeable good news was now reflected in the share price. Those who took his advice can he grateful: oil stocks sank in the first week of March.

# White House opposed to restrictions on Japan cars

WASHINGTON.—The Carter Administration is opposed to proposals that Japan be pressured to reduce its car sales in the U.S. as a way to help the sagging U.S. motor industry.

Mr. Reubin Askew, the U.S. Trade Representative, told a House of Representatives Ways and Means trade sub-committee that such restrictions would undermine new laws intended to lower international trade barriers and would limit the availability of high-mileage cars.

"Import restrictions would cause higher average prices for automobiles and increase fuel consumption at a time when reducing inflation and promoting energy conservation are paramount national objectives," he said.

Earlier this month, Mr. Charles Vanik, the sub-committee's chairman, warned Japanese car-makers that unless they roll back their U.S. car sales to 1977 levels, Congress would act to protect the U.S. auto industry.

Mr. Askew and others criticised European countries for imposing various restrictions of their own on car imports from Japan.

"One reason why the Japanese are exporting so many cars to the U.S. is because they often are unable to export them elsewhere," he said. "Other nations, particularly Europe, place restrictions on the volume of Japanese imports. Often these restrictions are simply "gentlemen's agreements"—unwritten and unannounced barriers to trade which have devastating effects on third parties such as the U.S."

Mr. Vanik agreed, adding that he has been informed that Italy, France and Britain all have restrictions on imports of Japanese cars, but that West Germany does not.

Mr. Robert Hormats, the deputy U.S. Trade Negotiator, also was sharply critical of European auto import restrictions. He said that some European countries have arranged "under the table restrictions."

He said that the European restrictions violate the "spirit or the letter" of the General Agreement on Tariffs and Trade (GATT), and that the U.S. should oppose such restrictions abroad, rather than copying them.

While opposing proposals to restrict the importing of Japanese cars, Mr. Askew said the Administration has urged Japanese companies to increase their investments in auto-producing facilities in the U.S.

"Such investment in production and assembly for the U.S. market would have the dual advantage of creating jobs for American workers without reducing the numbers of small, fuel-efficient cars available to American consumers," he said.

Toyota and Nissan have resisted pressure to open plants in the U.S., but Honda has announced plans to build a plant in Ohio.

● Toyota and Nissan yesterday welcomed U.S. opposition to restricting Japanese auto imports as "sensible and level-headed."

"We consider Askew's statement sensible," said Mr. Masataka Okuma, Nissan's executive vice-president for export and overseas operations. "We realise that the good sales of Japanese cars in the U.S. are a transient phenomenon which will last only until American automakers' small car production starts on a full scale," he said.—AP

# Mexico decides against GATT

By William Chislett in Mexico City

THE MEXICAN President Sr. Jose Lopez Portillo has announced that Mexico would not join the general agreement on Tariffs and Trade (GATT) for the time being.

In deciding not to join GATT, the Mexican President has bowed to nationalistic and protectionist pressure groups in the country.

The unexpected decision means that oil-rich Mexico, the major developing country which is not a member of GATT, has opted not to open up its highly protected economy, but to follow its traditional path of maintaining a system of import licences.

The Government concluded discussions in Geneva with GATT officials last year, and had until May 31 to make up its mind. The Government believed that the terms of its entry, which gave it a 12-year period in which to adapt itself to the GATT rules, were liberal, and the President went out of his way to say this when he made his announcement.

Nevertheless, he said, it was "not the opportune moment" for Mexico to join, adding that the country would carry on its fight for a more just international economic order on a bilateral basis.

Sr. Lopez Portillo's announcement, made at the celebrations to mark the 42nd anniversary of the nationalisation of the Mexican oil industry, was greeted with enthusiastic applause by oil workers, who make up the country's most powerful union.

The Mexican Government viewed GATT membership as part and parcel of the need to make the country's industry more competitive and efficient, and part of its plan to make Mexico more than just an oil-exporting country.

Oil exports in January accounted for $569.8m of total exports of just over $1bn.

# CBI warns against barter trad[e]

By Frank Gray

THE Confedaration of Briti[sh] Industry has warned th[at] Britain and its EEC partne[rs] should be wary of undertaki[ng] barter trade deals because [of] the inherent danger in su[ch] deals of distorting trade with[in] a particular economic region.

Mr. Bryan Rigby, depu[ty] director general of the CB[I] told a Parliamentary sele[ct] committee hearing on trade a[nd] industry yesterday that the[re] was a danger that a clie[nt] nation might be takin[g] "dumped" goods as part of [a] barter trade arrangement.

His assistant, Mr. Graha[m] Mason told the hearing that th[e] CBI had so far been unsucces[s]ful in encouraging the EEC t[o] establish appropriate measure[s] to monitor the value an[d] amount of bartar deals unde[r]taken by European industry.

The CBI also said the benefi[t] of compensation or buy-bac[k] deals could be weakened b[y] direct imports from such coun[]tries or by imports enterin[g] through other EEC membe[r] states.

"Where the Community has [a] bilateral agreement whic[h] offers preferential treatment t[o] an East European country (such as Yugoslavia), the EEC could ask for a lowering of th[e] requirement for compensatio[n] trading in return," it said.

# Australia in Saudi Arabia pact

BY PATRICIA NEWBY IN CANBERRA

MR. DOUG ANTHONY, Australia's deputy Prime Minister and Minister for Trade and resources, will sign a trade agreement with Saudi Arabia in Riyadh on Sunday during a two-week visit to the Middle East.

Mr. Anthony is leading a delegation to the area as part of a major thrust by Australia to increase trade with the Middle East, particularly in food, fibres, minerals and technical expertise.

The delegation includes the chairmen of the Australian Wheat Board, the Australian Meat and Livestock Corporation, the Dairy Products Manufacturers' Federation, the Institute of Mining and Metallurgy, the Institute of Agricultural Science and senior representatives of industry and banking as well as top-level Government officials.

Saudi Arabia is one of the few countries with which Australia has a negative trade balance, exports from Australia last year were worth A$126m (£63m)—way below the level the Australians believe can be achieved.

The main products were wheat, live sheep, meat, other foodstuffs, fibres, machinery including cranes and elevators, and raw and processed metals including iron and steel, copper and aluminium.

Imports, almost entirely oil, were worth more than A$400m.

Australia would like to develop bigger markets in the Middle East for minerals, especially alumina, to take advantage of Australia's bauxite deposits and cheap coal to fuel processing. Australia already supplies the alumina requirements of aluminium refineries in Bahrain and Dubai.

In Jeddah, Mr. Anthony will attend an Australian trade fair where 60 Australian companies are displaying their products. The delegation will go from Saudi Arabia to the United Arab Emirates, Qatar and Oman.

# Ford in Manila Mazda deal

BY LEO GONZAGA IN MANILA

THE REVIEW Committee of the Government-sponsored Progressive Car Manufacturing Programme (PCMP) has given Ford Philippines permission to assemble the Mazda model of Toyo Kogyo (Japan), which has a tie-up with Ford's U.S. parent. But Ford Philippines will have to phase out one of the three models it is already assembling under the PCMP, as the committee is against a proliferation of models and allows only a change from one model to another.

The local Ford has indicated that it will retain the Cortina and Granada, but is willing to sacrifice the Escort which is in the category of the Mazda. Ford Philippines needs a fast seller because, among the five programme participants, it is only third in local market share.

The tailender, DMG, which assembles the Beetle, Passat and Brasilia models of Germany's Volkswagenwerke, is seeking permission of the review committee to assemble Datsun cars, even if it means abandoning the Beetle. The company's market share has shrunk to such a size that it is operating at only 50 per cent of capacity and, last week, applied to the Labour Ministry for authority to lay off 271 employees and supervisors.

If the company's request is approved by the review committee, the only non-Japanese models in PCMP, apart from the Passat and the Brasilia will be the Opel (Rekord and Manta), which is German and being assembled by Pilipinas GM (General Motors). GM also assembles the Japanese model Gemini. Car Company (formerly Chrysler) turns out different Mitsubishi models, while the industry's leader, Delta Motor, produces various Toyotas (Crown, Corona and Corolla).

Last month, out of 4,676 cars sold by the five programme companies, Delta accounted for 2,066 or 44.2 per cent.

# Holzmann wins £207m order for hospital

PHILIPP HOLZMANN, the West German construction company, said it received an DM 850m (£207m) order to build a hospital at Dhahran, Saudi Arabia, Reuter reports from Frankfurt.

Work has started on the project which is expected to be completed in the mid-1980s.

● Hawker Siddeley Power Engineering is to supply and instal mechanical and electrical equipment worth £2.2m in Saudi Arabia.

The contract, for the Saudi Arabian Government involves equipping an 8 MW power station, a ring main with seven substations and a low voltage electrical distribution system.

# Brighter prospects for UK in N. Yemen

BY JAMES BUXTON, MIDDLE EAST CORRESPONDENT

BRITISH EXPORTS to North Yemen are expected to pick up again following the resolution of a crisis between the two countries over the impounding of a Yemen Airways aircraft at Heathrow last November.

Mr. Abdul-Aziz Abdul-Ghani, the Prime Minister, said here yesterday that relations with Britain were now restored to their normal level. "We will leave the sorry incident to history," he said. Britain and North Yemen had agreed to sign an investment guarantee agreement, he added.

The Yemen Airways aircraft was impounded when it came to collect Mr. Abdul-Ghani after a successful official visit to London. British Midland Airways had obtained a High Court order on account of an alleged unpaid debt to the British airline from Yemen Airways.

The crisis was partially defused when the aircraft was released on January 17 after 47 days, following the posting of a bond by the British Government against a North Yemeni Government guarantee. But the bad feeling over the apparent insult to the North Yemeni Government persisted. Though there was no formal embargo, importers of British goods found it hard to obtain import licences and trade slowed.

Finally Britain sent Mr. Hurd, Minister of State at the Foreign Office, to Sanaa to make a formal apology over the incident earlier this month.

North Yemen wants British companies to become more involved with Yemeni private sector companies in development projects, the Prime Minister said.

North Yemen has investment guarantee agreements of the kind it wants to sign with Britain with the U.S. and West Germany.

British exports to North Yemen amounted to £49.2m in 1979, a marginal rise of 1 per cent over the previous year.

# Indonesia plans to double LNG capacity

BY RICHARD COWPER IN JAKARTA

INDONESIA HOPES to complete negotiations soon on three major liquefied natural gas (LNG) expansion projects which would more than double the country's LNG capacity by 1984-85.

If all goes well, Indonesia's state-owned oil company, plans to start work this year on seven new LNG trains (processing unit) in North Sumatra and East Kalimantan. The trains are likely to cost about $2.4bn (£1.09bn).

If the three separate projects go ahead this year, Indonesia could well be producing about 18.9m tonnes of LNG by 1984-85.

Officials at Pertamina are expecting to announce within the next two weeks an agreement with JILCO, the Japanese consortium of LNG buyers to add two new trains at Bontang in East Kalimantan in which JILCO already has a stake.

The plant, which is likely to cost about $700m, would increase Bontang's capacity from about 3.7m tonnes per annum to 6.9m tonnes.

Financing is expected to be provided by a Japanese syndicated loan led by Export-Import Bank of Japan.

Also under negotiation is a further two train expansion at Arun in North Sumatra, also involving an investment of about $700m. This expansion would boost the Arun facility's capacity from 4.7m tonnes a year to about 7.9m tonnes. Finance is likely to come from a number of Japanese commercial banks associated with the Mitsubishi group since the project would involve Tokyo Electronic with whom Pertamina has also signed an LNG supply deal.

The third expansion plan for a further three trains at Arun, which would boost its capacity to 12m tonnes a year, has been under negotiation with Pacific Lighting of the U.S. since 1973. But the proposal ran into problems associated with changing priorities in U.S. energy policy so that the principal hurdles were not overcome until the end of last year. It is now hoped that final agreement will be reached by August this year.

Pacific's planned three-train expansion of Arun is now likely to cost in the region of $1bn. Under an agreement with Pertamina, Pacific is obliged to arrange the financing.

Indonesia, which produced about 6.3m tonnes of LNG in 1979, aims to boost the output to 8.4m tonnes this year. It should see 1979 earnings of $1.2bn in 1979 rise to $2.8bn in 1980.

# Philips reorganises British operations

BY GUY DE JONQUIERES

THE DUTCH Philips group has reorganised its UK operations as part of a strategy to atrengthen its position as a leading supplier of electronic office products.

Four of its British operations —Pye TMC, Phillps Data Systems, Pye Business Communications aod Philips Business Equipment—have been merged to form Philips Business Systems, the group said yesterday.

Similar reorganisation in other countries is expected to follow. The move is to unify development and marketlng in the face of increasingly tough international competition.

The office is expected to be one of the fastest growing markets for electronic products in the next decade. It will bring together techniques in data-processing, telecommunications and husiness equipment.

Mr. Brian Manley, managing director of Philips Business Systems, said Philips offered one of the hroadest product ranges and could meet the needs of both small and large businesses.

The company is particularly strong in dictating equipment, small business computers and private telephone exchanges. It also manufactures a word-processor, telepbone receivers and public address systems, but does not at preseot market facsimile machines or copiers.

Philips plans to launch new internal communications systems and dictating machines later this year and to expand its range of word-processing equipment.

Mr. Manley forecast that the UK office systems market would grow from about £500m this year to £800m in 1984. He expected Philips' share to double to £200m in the same period. At least half the new company's products would be made in Britain.

He said that initially there would be strong growth of products intended for use on their own, but equipped to communicate with other machines. In the second phase, separate pieces of equipment would be integrated into complete systems able to handle voice, text and data.

Philips also said it had decided not to proceed with plans to develop in the UK a private business viewdata system for displaying computer-generated information on television screens.

Extensive market research in tbe past 18 months had suggested the market would be quite small and could be satisfied by the Post Office's Prestel service. But Philips will conlinue with such systems in other European countries and manufacture of Prestel sets in the UK.

Such systems are being developed by several otber manufacturers, including the General Electric Company (GEC). One was lauocbed earlier this year hy Aregon, a National Enterprise Board subsidiary established to market British viewdata tachnology and products overseas.

# Meriden hope for Suzuki rescue

By John Elliott, Industrial Editor

LEADERS OF Meriden workers' co-operative hope that Murabeni, the Japanese trading house, will mount a two-stage rescue of their motor-cycle business with the help of Suzuki.

The first stage would involve extending the range of the co-op's Triumph bikes, limited to a 750 cc model, into smaller sizes.

Up to about 60 per cent of the bikes would be made up of Suzuki parts imported from Japan, but the Triumph name would be retained.

Later, Meriden would hope to assemble complete Suzuki motor-cycles as a separate operation in another part of its factory near Coventry.

But any such rescue is likely to need approval by the Heron Motor Corporation, whose Hernn Suzuki subsidiary is sole importer of Suzuki bikes to the UK and Ireland.

Mr. Gerald Ronson, chairman of Heron, said yesterday that his company imported 75,000 Suzuki motor-hikes a year. He indlcated that Marubeni and Meriden might run into problems if a deal went forward.

He said Heron was perfectly capable of setting up a manufacturing operation itself in the UK if it wanted to do so, without needing the help of a Japanese trading house. He had had discussions with Mr. Geoffrey Robinson, the Coventry Labour MP who is the co-operative's chief executive, some time ago.

"They could not make hikes in this country under the Suzuki brand name without the approval of Suzuki in Japan, and of us as the distributors," he said.

In Tokyo yesterday Marubeni confirmed that it is trying to mount a rescue. But Suzuki said it had not been in touch with either Marubeni or Meriden over the "plight of the co-operative." It is known, however, that Marubeni and Suzuki are examining the possihility of a deal.

# Oil explorers seek more incentives

BY RAY DAFTER, ENERGY EDITOR

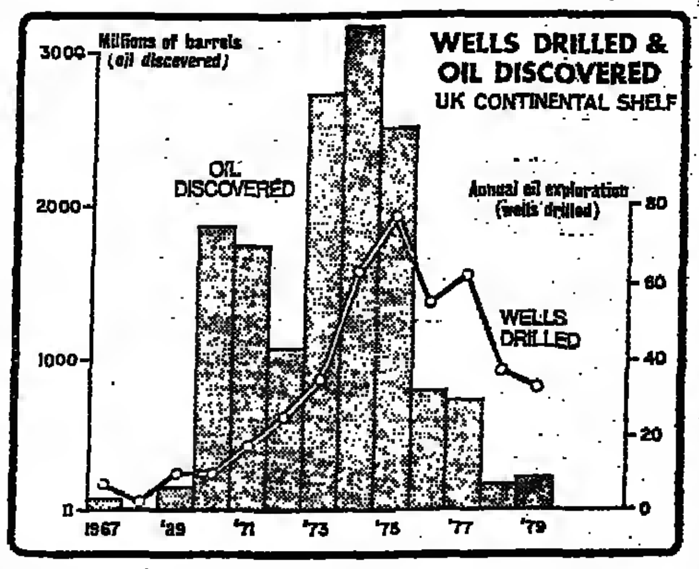
NORTH SEA oil operations bave called for "major cbanges" in the Goverment's offshore policies.

The companies, including British Petroleum, Shel and the State-owned British National Oil Corporation, said yesterday the changes were urgently needed to raise the level of oil and gas exploration.

Their representative body, the UK Offshore Operators' Association, warned of a serious oil supply sbortage in the 1990s unless exploration was soon raised to between two and three times the 1979 level.

"Now is the time the Government should be providing tbe opportunity and stable operating conditions that will enable the industry to find and develop sufficient new reserves and to continue UK oil self-sufficiency into the 1990s and beyond," the association said.

The message is remarkable in that it is aimed at a Conservative Government which has pledged itself to giving the oil industry greater freedom of operation and more incentives fo rexploration. The call for a change of Government direction will embarrass both the Energy Department and Mr. David Howell, the Energy Secretary, in particular.




The association said the number of exploration well drilled had been declining seriously even though fields were becomin gharder to find. Only 33 oil exploration wells were drilled last year so a number of rigs had left UK waters.

Fewer than half of the 65 to 90 exploration wells forecast by the industry as necessary for UK energy self-sufficiency in the 1990s are being drilled. The association warned that unless action was taken self-sufficiency would be short-lived and the forecast surplus oil production in the 1980s would be equal to only one year's UK consumption.

The Government should adopt policies that would "establish a climate of confidence for the industry to make the mammotb exploration effort needed." Future investment should be several times the £15bn spent in the UK sector of the North Sea so far.

The association asked for:

● More exploration licences. It said the Seventh Ronnd of licences, with 70 blocks, was too small, and it warned that delays in the allocation of new licences would prevent drilling starting this year. Eight years ago about a third of the UK Continental Shelf was available for exploration drilling but now only 10 per cent was available.

● A stable tax policy. It argued against an increase in petroleum revenue tax, now being contemplated by the Government. It claimed the Government was already taking between 83 and 92 per cent of the profits from recent increases in oil prices.

● Reasonable licence terms. It wanted the Government to change its policies over State participatinn in oil. The Government was seeking the option to acquire 51 per cent of all the oil produced from Seventh Round licences. Integrated companies want to retain all the oil they produce for their own refinery needs "The dramatic decline in exploration drilling from the peak reached in 1975 was largely caused by Government licensing policies," the association said. "It is important that terms are now set to encourage a recovery to the 1975 level and above."

Between 1967 and 1974, the amount of oil found in an average exploration well was 67m barrels, the association said. In 1975, the figure bad fallen to 33m barrels. Two years later, the average was 13m barrels and last year it was only 7m.

# Benefits payment switch 'would shut 2,000 sub post offices'

BY JOHN LLOYD

THE POST OFFICE yesterday poured cold water on propnsals that welfare henefits now paid over post office counters should be pald less frequently and directly into bank accounts.

At the same tlme Sir Willlam Barlow, Post Office chairman, said he was hopeful the Government would soon amend the Post Office Act to allow post offices to act as ageocies fnr nationalised Industries and statutory bodies.

The proposals to cut the frequency of welfarc payments and to change their method of payment have been mooted in recent months by Sir Derek Rayner, who has been charged by the Prlme Mlnister to make economies in public expenditure.

But tba Post Office sald these economies would probably result in the closure of some 2,000 sub post offices, out of a present total of more than 21,000, and the sacking of 2,000 full time staff.

Sir William tnld the select committee on social services that to make payments to the 10m people who receive welfare henefits by bank transfer would mean opening 10m Girobank accounts all at once, which would be practically impossible.

Mr. Sam Wainwright, managing director of Glrobank, told the committee that the cost of making the transactions through the bank would be blgber than the present system.

Mr. Deonis Roberts, managing director of posts, sald the proportion nf those claimants who drew weekly family allowances had gone up sharply from 24 per cent in 1978 to 34 per cent in 1979.

The annual cost of running the Post Office's counter business is £359m of which the Department of Health and Social Security pays £135m as a fee for Post Office's services.

The Post Office Act presently does not allow the corporation to provide services for nationalised industries and only permits it to act for local authorities under certaln conditlons.

Sir William said he hoped a change in the Act might be incorporated in the legislation to split the Post Office into two authorities which will come before Parliament later this year.

# Electricity pension trustees to meet over suspensions

BY CHRISTINE MOIR

A FULL meeting of the board of trustees of the Electricity Council's £1.3bn pension funds bas been called for Friday to discuss tbe investigations which have led to the suspension of Mr. Alan Urwin and Mr. William Lund from their positions as iovestment managers.

On Tuesday the special investment sub-committee of the trustee hoard was told by Mr. Austio Bunch, deputy chairman of the Electricity Council and the chairman of the trustecs, why be suspended the two men on March 3. Mr. Urwin and Mr. Lund were not asked to attend the meeting.

Mr. Buncb decided to suspend the men after sending tbe Metropolitan Police Fraud squad a copy of a specially commissioned report by accountants Cork Gully into Westmoreland Investments, one of the funds' many property Investments.

The full Cork Gully report was apparently not made available to tbe investment sub-committee who were simply told of its possible implications. It is not known whether tha trustees will be given a copy at their full meeting.

Yesterday the Electricity Council refused to answer any queries about the affair and would not even confirm the sub-committea meeting notice which bad been posted in the Council's building.

Meanwhile, unless the trustees reverse Mr. Bunch's decision the two men are likely to remain suspended from their positions for several months, at least."

Police investigations are tbought not to have started yet, butmomentum has already bnilt up. Now that the affair has been drawn to the police's attention normal procedure is for initial investigations to be followed by a report to the Director of Public Prosecutions. The DPP then decides wbether to proceed further, a procedure which normally takes several months.

# Casino plan for Hilton Hotel

By Andrew Fisher

GRAND METROPOLITAN, the major UK hotel, drinks and leisure group, hope to open its fifth London casino in the Hilton Hotel next year, although it still needs formal court approval.

The Gaming Board has granted the company a certificate of consent to operate a casino in the hotel, which is in the expensive Mayfair district.

Through its Mecca division, Grand Metropolitan runs four casinos in the West End—the latest is in the Ritz Hotel in Piccadilly—as well as three on board luxury Cunard liners.

To open a club in the Hilton the company has to gain the consent of the licensing justices at the South Westminster Magistrates Court in May, when other operators can make objections. It also needs planning permission.

The Hilton management said yesterday it had an agreement with Mecca, though nothing had been settled. Norwicb Enterprises, from which Playboy bought the Victoria Sporting Club last year for £6m, once bad plans to run a club at the Hilton, and Ladbroke was also interested.

News of Grand Metropolitan's proposed move into the Hilton comes just after the intended resignation, annnunced last week, of Mr. Ernest Sharp, the joint managing director whose responsibilities include Mecca.

It is understond tbat the company has also been granted another consent certificate by the Gaming Board. It has applied for four new licences altogether, partly as a protective move to prevent other potential club operators from entering the market.

Grand Metropolitan's betting and gaming activities last year accounted for just under 9 per cent of trading profits of £147.5m, and tha company has indicated that that it wants to keep the proportion within controllable limits.

Last week Mr. Sharp said his resignation was not a consequence of any policy disagreements with bis board colleagues —"there baa been no acrimony, no great row."

# Radon gas scare shuts tin mine

Financial Times Reporter

WORK stopped yesterday at South Crofty, the blggest of the Cornish tin mines, because of a radioactivity scare.

The miners spent all day in a meeting, wbile Transport and General Workers Union representatives discussed with local management their demand for urgent steps to counteract what was clalmed to be a dangerous level of radon gas.

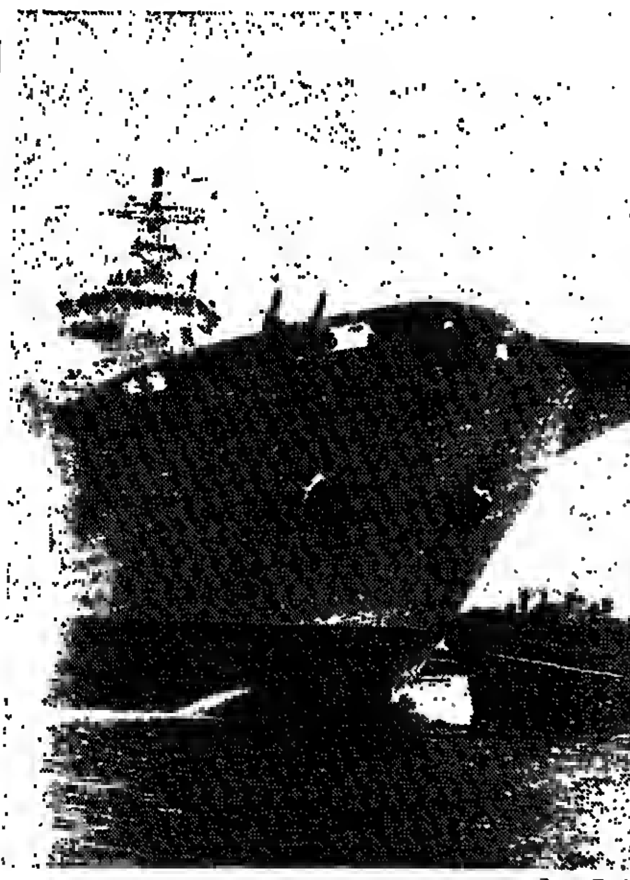
Radon gas comes from trace elements in granite, and causes the radioactivity which is present in all Cornish tin mines.

The miners want a general issue of free flow air helmets, and have rejected management's suggestion that they should wear face masks because of the heat and humidity in the mine.

But Mr. Malcom Stone, chairman of Saint Piran, the group wbich controla South Crofty, said yesterday the helmets, whicb have a fan in the back, are designed essentially for dust prevention, and do not appear to be suitable against radon gaa.

Tbe radon gas problem is acknowledged by both union and management. "It has probably been made worse recently by gas coming from other workings nearby," said Mr. John Foster, the TGWU district secretary.

Discussions were held with the union about a year ago, and the company came up with a plan to improve ventilation, said Mr. Stone. Everybody appeared to have been satisfied. The strike had been called without notice.



Roger Taylor

HMS Invincible, the first of the Royal Navy's anti-submarine cruisers and the largest warship to be built for the Navy for 25 years was accepted into service at Portsmouth yesterday.

# Radiation harm—in cash terms

By David Fishlock, Science Editor

COST-BENEFIT analysis can help government determine safe limits for public exposure to radiation from the nuclear industry, the government's watchdog on radiation has concluded.

The National Radlological Protection Board, in a discussion document published today, shows the use of cost-benefit analysis to justify official limits for radiation exposure.

It sets out a method of valuation which takes account of the collective risk to society and to individuals.

However, the hoard's argument makes it plain that the decisions involved are not of the kind it could take in isloation, but are essentially government decisions.

The technique proposed requires the barm from radiation exposure to be converted into monetary terms. Then, the costs of protection can be compared with the costs of radiation exposure, to be converted into monetary terms. Then, the costs of protection can be compared with the costs of radiation exposure. Its consequence is to channel resources towards those exposed to the highest doses of radiation.

## Origin

The argument originates in the 1977 recommendations of the International Commission on Radiological Protection, a committee of radiation specialists and doctors on whose advice most governments depend.

Those recommendations propose that all exposures should be kept "as low as reasonably achievable." This was a formula adopted in the U.S. in the early 1970s to help decide how far to go in stipulating tighter controls over radioactive emissions from nuclear reactors.

The commission recommended governments to make their own cost-benefit analyses hased on their own situations.

British efforts to quantify risk in this way were initiated by Mr. John Dunster, formerly with the National Radiological Protection Board but now the government's director of nuclear safety. Mr. Dunster has said recently that "one has only to estimate a risk these days to he told that it is too high."

He believes tbat risk assessment today is a compulsory rather than an optional part of decision-making. Initially, it makes decisions harder to reacb but, in time, "it should give more confidence that decisions are being taken in a consistent and possibly even in a logical way."

*The application of cost-benefit analysis to the radiological protection of the public: a consultative document. HMSO, £2.00.*

# Import controls 'may be needed'

BY MAURICE SAMUELSON

A DEGREE of control over the volume of imports was suggested yesterday by Sir Charles Villiers, chairman of British Steel Corporation.

He blamed the strength of sterling for some of the corporation's heavy losses. If the value of the pound could not be reduced substantially, a regular increase in imports should he allowed "in an orderly manner, without swamping British industry."

Sir Charles told the Federation of British Cutlery Manufacturers in Sheffield the objective must he "to compensate for the petrocurrency while maintaining as far as possible the principles of free trade.

"We just cannot go on being screwed by this combioatlon of a petrocurrency with inflation which is trampling our beavy industries into the ground. Industrial survival is at stake."

A strong currency was like all strong medicine: "if taken to excess it will kill."

Regardless of sterling's strength, British Steel was up against the most Intensive competition it bad known. It had to ensure pay increases were given only for productivity.

"We all know that there comes a time when you have to get on with it. If you waffle or wobble, your business won't survive."

# Aerosols from abroad

BY MAURICE SAMUELSON

LACK OF TINPLATE caused hy tbe steel strike is forciog Aerosols Interoational to buy up to 5m aerosol cans in Europe.

That is equivalent to the company's normal monthly output, wblcb is now down to "a few hundred thousand," said Mr. George Hodgson, the marketing director.

"The steel strike has hit us very hard in terms of reduced production aod sales since the beginning of the year," he sald.

When the strike ends, production would take months to return to normal, and that is wben the imported cans, bought at a premium, would be used.

More than a third of the company's business is exported. The lost exports, together with greater imports, would bave a permanent effect on the industry, Mr. Hodgson said.

# Few jobs for pilots

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THERE ARE too many airline pilots in the UK, and job prospects for qualified pilots in the immediate future are "very poor," a conference at Oxford was told yesterday.

The conference, organised by the Oxford Air Training School, was designed to outline job prospects to potential pilots and servicemen leaving the armed forces.

The surplus is the result of the failure of British Cargo Airlines and Air Kent, which have stopped flying, and a lack of recruitment by most operators, airline representatives said.

Only helicopter operators are still actively recruiting, with vacancies for a small number of qualified pilots at Bristow Helicopters. But one bright spot is that Britannia Airways, the holiday cbarter airline, may need as many as 70 more pilots over the next year.

British Caledonian, Laker Airwaya and British Airways need no new pilots this year.

While some job opportunities exist in general aviation, involving smaller, lighter aircraft, the pay is much less.

The captain of a Boeing 727 jet can earn up to £17,000 a year, but pay for a general aviation pilot ranges between £8,000 and £14,000 a year.

There are about 7,000 professional airline pilots in the UK, of whom about 3,500 work for Britisb Airways.

The complete turn-round in the situation has been largely due to sharp changes in airlines' economic fortunes.

# Japanese gain £7m contract for pipeline

A £7m British Petroleum contract for North Sea pipeline has been awarded to a Japanese steelmaker because the Britisb Steel Corporation could not supply the rigbt quality steel pipe.

The order, for 20,000 tons of large diameter pipe, went to Nippon Kokan Kaishan in preference to BSC and other European steel industries. The Japanese gave the right assurances about delivery due to start in July. But the principal reason was the quality of its "high chemistry" pipeline capable of carrying heavy sulphur crude.

Japanese yards supplied other oil companies with similar grades of pipe, BP said.

The order of pipe for the Magnus Field, was awarded last December, leading to suggestions that the impending uational steel strike might have influenced BP's decision. BP yesterday denied these suggestions.

# Rowntree to cut staff

ROWNTREE MACKINTOSH, the confectionery manufacturers, said yesterday it planned to lay off most of the workforce at its Norwich plant over Easter because of falling demand and a high level of stocks.

The company said last night that a majority of the 1,700 production workers will be laid off from March 31 to April 11 to reduce the level of stocks. Rowntree has already placed about 5,000 workers at Halifax and Castieford on short time working for the past several weeks.

Rowntree blames the fall in demand on the increase in VAT, the lingering effects of last year's road haulage dispute and the general downturn in the economy.

# Ulster talks on constitution nearly over

THE constitutional conference on Northern Ireland, wbicb aims to find ways of devolving more political power to the province, will probahly be adjourned in its present form at Easter, when the three political parties attending should bave completed the 14-point agenda.

Although the conference appears to have achieved little substantive progress because Mr. Ian Paisley, the main Unionist delegate has refused to yield on the question of power-sharing, Mr. Humphrey Atkins, Secretary of State, has always maintalned that the talks were primarily exploratory.

Mr. Atkins is expected to recommend to the Government either that it should draw up proposals of its own for devolution or try to continue investigations.

Mr. John Hume, SDLP leader and the main Catholic representative, feels the conference has reached the end of its usefulness. He favours a more high-powered conference involving Mrs. Margaret Thatcher, Prime Minister, and the Irish Premier, Mr. Charles Haughey.

# Gas bill slide rule reissued

A FREE slide-rule called "Gus." issued three years ago hy the National Gas Consumers Council to help consumers forecast and control their bills, is to be relaunched with updated prices. The NGCC says the rule encourages energy saving.

# Accountants emphasise value of good records

THE IMPORTANCE of keeping up-to-date business records is outlined in a booklet published today by the Institute of Chartered Accountants in England and Wales.

The booklet, the latest in the series Notes for Businessmen, describes some of the records which an accountant can help a businessman to set up.

It explains how the accounting records that must be kept for tax purposes can be used to provide information for the effective running of a business.

Adequate records, says the booklet, can enable a company accountant to reduce the tax liability of a business by planning ahead. He would not bave to wait for the preparation of annual accounts.

Other aspects of record keeping covered include cost, cash and staff control.

*Keeping the Records by J. Claret.*

## SALEROOM

BY ANTONY THORNCROFT

# Record bids are made for Koekkoek paintings

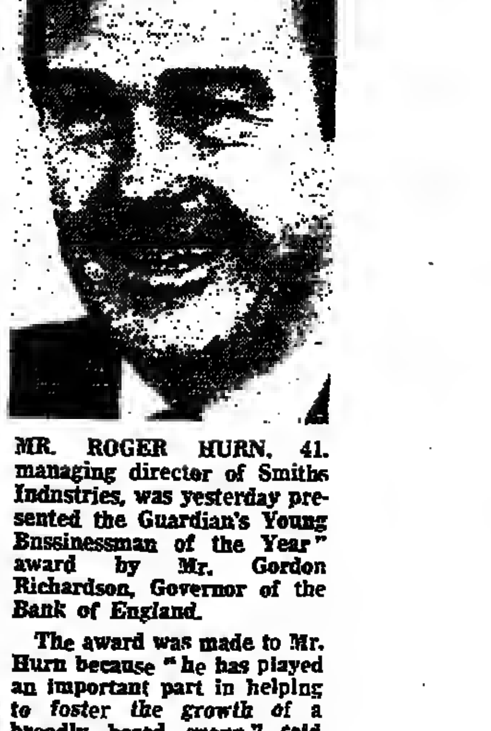
TWO PAINTINGS by the Dutch artist Barend Koekkoek sold for £70,000 each at Sotheby's auction of 19th century Continental pictures yesterday. The Rhineland scenes easily beat the previous record for the artist of £47,667 which was paid in 1976.

The Fine Art Society bought Figures by Fishing Boats, by Andreas Schelfhout, for £38,000, and The Noordekerke, Amsterdam, by Cornelis Springer sold for £34,000. The Berlin Museum, bidding through a telephone link in Sotheby's Munich office, paid £27,000 for a view of Potsdam, by Carl Hasenpflug.

Sotheby's first sale of bonds and old securities was disappointing because the major item, a Chinese bond of the early 20th century, was bought in at £6,600, showing that the sharp rise in prices in this sector is easing off. Items from the English provincial banks did well, however.

Miniatures did well at Christie's. One of Louis XIV, by Jean Petitot, sold for £10,000, as did an 1825 figure of George Washington, by Henry Bone, after Gilbert Stuart. The same sum secured a miniature entitled The Swing, catalogued as by Fragonard. This had previously appeared at Christie's in 1935 when it made £89 5s. (£89.25).

S. J. Phillips, the London dealer, secured a Louis XV rectangular gold and enamelled box, made in Paris in 1753, for £20,000, while in a sale of sporting guns a pair of Purdey 12-bore side-lock ejector guns completed in 1977 went for £22,000. They have never been used.



**MR. ROGER HURN, 41, managing director of Smiths Industries, was yesterday presented the Guardian's Young Businessman of the Year" award by Mr. Gordon Richardson, Governor of the Bank of England.**

**The award was made to Mr. Hurn because "he has played an important part in helping to foster the growth of a broadly based group," said judges.**

**Mr. Richardson handed over the trophy, the tenth time it has been awarded, at a lunch at Mansion House, London.**

# Air insurers suffer their worst year

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK aerospace insurance market had its worst year last year, with total outlays approaching $355m (over £162m).

Aircraft losses included $210m on 19 Western-built jet airliners that were aither destroyed in accidents or damaged beyond repair; and substantial partial losses of $54m, of which $30m was accounted for by damage to three Boeing 747 Jumbo jets.

In addition, there were some "disastrous" losses amounting to about $91m in satallite insurance.

Moreover, in some areas, such as tha American Airlines' *DC-10 accident* at Chicago in May, the potential liability to the world aviation insurance market has yet to be fully determined.

Commenting, Mr. Jack Webb, chairman of the UK Aviation Insurance Offices Association, said in *his annual* report that taken together these losses suggested that the underwriting prospects for the year "must be considered to be very bleak."

Mr. Webb said that 1979 is likely to be remembered as the "year of the DC-10," no fewar than three of these aircraft being totally destroyed.

Total passenger fatalities in all aircraft accidents last year rose from 663 to 880; crew-member fatalities rose from 54 to 92.

Mr. Webb said that during 1979 severe contraction in the number of broker or agency-controlled underwriting facilities in the U.S. resulted in more general aviation business being offered to the London market.

As a result, there was an increase in rating levels, but there was still room for further improvement.

Mr. Webb, aviation underwriter of the Andrew Weir Insurance Company, has been re-elected chairman of tha Aviation Insurance Offices Association.

Mr. I. J. Purdue, aviation underwriter of English and American Insurance, has been re-elected deputy chairman of the association.

Other association appointments include Mr. C. G. Jessup, aviation underwriter of Guardian Royal Exchange Assuranca Group, as honorary secretary and treasurer. He succeeds Mr. R. F. Dowlen, group aviation underwriter of Commercial Union Assurance, who held the post for seven years.

CONTRACTS

# £3.2m railway order for Balfour Beatty

BALFOUR BEATTY southern *construction division has* been awarded a £3.2m contract by British Rail London Midland Region, for 7.5km of railway trackwork and associated overhead line equipment bases, together with an extension to the traction maintenance dapot.

*

An order for 40 trucks worth £1.5m has been won by SCAMMELL, specialist vehicle manufacturer within Leyland Vehicles. It was placed by the Sudan Shipping Line for its road transport company, Transudan, which is managed by Redcliffe International (UK). Designed for operation at up to 65 tons gcw, the Crusader units will be used to transport ISO containers and general cargo from Port Sudan to Khartoum—a distance of 300 miles of which 100 miles is off road.

*

For the new plant being built at Workington, Cumbria, Thames Board Mills has placed orders with BABCOCK POWER for an 80 tonnes of steam an hour boiler worth £1m; with BROCKHOUSE WARWICK SECTIONS for a cable support system worth £100,000; and with CPC (UNITED KINGDOM) for a starch conversion system.

*

A £647,669 cootract with the City of Glasgow District Council for the construction of a computer centre within an existiog building, previously used as a factory, at 112 Ingram Street, Glasgow, has been won by COSTAIN CONSTRUCTION.

*

The British Sugar Corporation has signed a £600,000 contract for the use of a fleet of 15 tanker lorries made in Holland. The 20-ton vehicles will be provided and operated by JOHN W. TAYLOR (AILSWORTH), a Peterborough haulage firm, but they will all carry the corporation's name.

*

Mozambique has ordered through the Crown Agents, over £500,000 worth of paypbones and *ancillary equipment from* GEC TELECOMMUNICATIONS. The order is for the GEC 5671 type *anti-vandal payphone which has* a beavy steel-plate case with special handsets and cords.

*

AITON AND COMPANY, Derby, a Whessoe Group member, has been awarded a contract, worth about £400,000, for the supply of two seawater desalination plants for installation on British Petroleum's Magnus oilfield production platform.

*

TEDDINGTON INDUSTRIAL EQUIPMENT, of Sunbury-on-Thames, has been awarded two contracts, valued at £250,000, for the *supply* and *installation of a* central control room desk type panel and associated equipment *cubicles, together with a large* floor standing instrument panel, for British Nuclear Fuels at the *Capenburst plant, near Chester.*

*

Scotland's largest heavy forgemasters, *FIFE FORSTER*, Kirkcaldy, bas won two overseas orders. The firm is to produce six sterntubes at a cost of £231,000 for a Brazilian shipyard and shafting and marine equipment valued £110,000 for a shipyard in Hindustan, India.

Geoffrey Owen on a disputed contract for nuclear electricity

# The costs of an aluminium smelter

THE DISPUTE between British Aluminium and the North of Scotland Hydro Electric Board *(NSHEB), some details* of which were made public by the company yesterday, has its origins in the decision by the Labour Government in 1967-68 to encourage the establishmant of aluminium smelters in the UK.

*The smelters* were seen as import-saving and to a lesser extent job-creating projects. They were also very much in tune with the Government'a enthusiasm for high-technology industries.

The idea was that the *smelters* would be provided with alectricity at a cost which, together with the rest of the *financial* arrangements, would enable them to produce aluminium at an internationally competitive price.

In the case of British Aluminium, at Invergordon, on the Moray Firth, and the RTZ consortium in Anglesey, the electricity was to come from nuclear power stations — Hunterston B and Dungeness B —based on tha British AGR (Advanced *Gas-cooled Reactor*) design.

The third smelter, that of Alcan at Lynemouth, in Northumberland, was tied to a coal-fired station; a special price for the coal was negotiated with the *National* Coal Board.

Tha expectation was that the cost of this electricity would be stable in real terms, so that smelters based on nuclear power would be competitive with smelters based on *hydro-electric power, on which* more than half the world's primary aluminium production depends.

The price at which British Aluminium was supplied with power has never been disclosed. It is thought to have been somewhat *higher* than the current price in the U.S. at the time. When investment grants, covering 40 per cent of the capital cost of the smelter, were taken into account, the financial conditions were roughly similar to those an American company would have faced.

The essential element in the deal was that the smelter would provide the power station with an assured base load for a substantial part of its output. At the time the contracts were announced in 1968 tha chairman of NSHEB commentad that tha electricity price was "pretty much a *one-off* job," since few customers were *likely to match* tha conditions provided by the Invergordon smelter—200mW *of base load electricity 24 hours* a day.

The financing arrangements, in which Mr. Harold (now Lord) Lever played an active part, were novel, because the industrial tariffs of the generating boards did not make provision for the long-term *contracts* normal in the international aluminium industry.

First, British Aluminium made a contribution to the capital costs of Hunterston B. This was calculated as 20 per cent *of the total cost, allowing for* the anticipated load factor and average availability, and the price was £24m.

The Government then agreed to lend British Aluminium £24m at 7 per cent, which was the going rate of interest on Public *Works Loan Board loans.* The company had to repay the capital and intarest in equal annual instalments up to the year 2000.

Second, the company agreed to pay 20 per cent of the running costs of Hunterston B, based on the efficient working *of tha station*, but *subject* to escalation of fuel and operating costs.

British Aluminium's contract is with NSHEB, even though Hunterston B was built and operated by tha South of Scotland Electricity Board (SSEB). *There is a separata agreement* between the two boards, whareby a tranche of the capital costs *of the station* and *the running* costs appropriate to that tranche are allocated to NSHEB.

Construction of Hunterston B, a 1,250mW station, began in 1967, bnt the first unit did not start supplying electricity until 1976 and the second nnit in 1977. *Capital costs were higher* than expected and British Aluminium's contribution had to be *increased*. The enabling Bill had permitted the Government to increase the loan from £24m to £30m and this was done. In 1973 a further loan of £7m was granted, this time at 14 per cent.

Even more serious were the technical problems at Hunterston, which meant that the station could not reach planned outpnt levels. The Government decided that the *extra costs* arising from the de-rating of the station could not be charged to *British Aluminium* under the terms of tha contract, but that it would reimburse NSHEB.

In addition, the Government reimbursed NSHEB for the extra costs *of supplying* the smelter from less efficient coal-fired stations for a longer period and in *larger* amounts than had been assumed in the contract—the original plan had envisaged a switch to nuclear power in April, 1973.

The Government payments to NSHEB started in 1976 and have continnad, with tha *approval of Parliament, in subsequent years.*

A further aetback occurred in October 1977 when the second of the two reactors was pnt out of action by an ingress of aea water. For more than two years this reactor was unable to supply *power, so that* the NSHEB had to obtain electricity for the smeltar from *other sources*. Again, the tab was picked up by the Government, in order to prevent the burden *falling* on the board'a other customers.

The Government's compensation, bowever, by no means covered the whole of the bill arising from the delays and difficulties at Hunterston B. NSHEB believes that, under the terms of the contract, some of the additional costs should be borne by the company.

The disagreement between the *two sides over the interpretation* of the contract goes back several years, but up to *March, 1976, the amounts* of money were small and the differences were resolved by negotiation. Since than attempts to negotiate a settlement bave been unsuccessful and tha matter is now likely to be decided in the courts.

Because of possible legal action, the company is not revealing full details of the issues in contention. But yesterday's statement makes clear that tha amounts of money involved are large.

Although the company does not accept liability for *any* of the disputed charges, it has made full provision for them in *the accounts.*

Creditors at December 31 inclnde £19.4m (compared with £10m at the end of 1978) for disputed revenue and capital charges plus provisions where appropriate for interest on payments withheld. If the courts *find in the company'a favour* in all the matters in dispnte, the net effect as of December *31, 1979*, would be an increase in pre-tax profits of £10.7m, of which £6m relates to 1979 and the balance to earlier years.

One of the matters in dis[...] is the repair bill for the [...] water leak, where the boa[...] demanding that the com[...] contribute to the costs. [...] the largest sums of money [...] on tha interpretation of [...] escalation clauses in the [...]tract.

For example, fuel p[...] have gone up sharply, p[...] because world uranium p[...] have risen but partly bec[...] British Nuclear Fuels, w[...] plant bas been operating [...] below capacity, has had [...] *charge higher prices*

Are these higher pr[...] stemming partly from the s[...] down in the British nuc[...] programme and difficulties [...] the AGR stations, covered [...] the escalation clanses in [...] contract with British Alu*minium?*

Underlying the argum[...] about escalation is the b[...] question of whether Bri[...] Aluminium, by virtua of its [...] per cent contribution to [...] capital and running costs [...] Hunterston B, is obliged [...] share in the *subsequent* [...] fortunes of the station.

The company argues that [...] *no sense is it an equity part*[...] in the project. If it had be[...] it would have insisted on [...] share in the management.

The company says it speci[...]ally ruled out an equity r[...] because it had no competence [...] influence events. It had a c[...]tract which clearly defined [...] responsibilities.

## UK NEWS

# British Aerospace expects £1bn sales

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE expects sales for 1979 to be more than £1bn, according to Lord Beswick, its chairman, who retires at the end of this week.

The new chairman is Dr. Austin Pearce, formerly chairman of Esso Petroleum.

Lord Beswick said this week he expected the final accounts for 1979 to show a backlog of orders worth more than £3bn.

During 1978 the group achieved sales worth £894m, with a backlog of orders worth £2.95bn at the end of that year.

Lord Beswick said much had been made of Britain's failure as a trading nation, but the aerospace industry "has no need to make excuses for its recent contribution.

"British Aerospace shares with all its suppliers, the designers and makers of components and equipment, an achievement over the past two or three years which Britain as a whole should recognise and of which it should be proud.

"In British Aerospace itself, where once we had redundancy schemes we now have recruitment problems; where once we had empty floor space we now have new jigs and tools fully utilised; where once the talk was of contraction it is now of expansion."

But Lord Beswick expressed concern at the possibility of cuts by the Government in funds allocated to basic research in aerospace.

To contemplate such cuts "at a time when we are opening a fourth TV channel is just rank bad national housekeeping," he said.

Among the main contributors to British Aerospace's sales last year were continued production of wings for the European A-300 and A-310 Airbuses, record exports of HS-125 business jet aircraft, further export sales of HS-748 feederliners and One-Eleven jet airliners, and continued sales of Hawk fighter/trainers, Jaguar combat aircraft and Harrier jump-jets.

Another continuing major contributor to sales was the high volume of support work for defence establishments in Saudi Arabia and Oman. The refurbishing of older aircraft, such as Canberras, and the sale of spare parts, is also big business for the group.

# Town hall funding changes opposed

BY ROBIN PAULEY

AN EMERGENCY meeting of all 77 metropolitan authorities in England and Wales has been called to step up co-ordinated action against the Government's proposals to change the system of funding local authorities.

The proposals are a serious threat to democracy according to Sir Geoffrey Taylor, chairman of the Tory-controlled Association of Metropolitan Authorities, who has called the meeting for next Thursday.

The block grant proposals are contained in the Local Government Planning and Land Bill now in Parliamentary committee.

"We have done our best to convince the government of the serious views we take of its proposals. The joint associations' alternatives have been rejected and there is now no alternative for us but to oppose the bill at every opportunity," Sir Godfrey said yesterday.

The metropolitan authorities' Association of County Councils, Association of District Councils, London Boroughs Association and Greater London Council, all Conservative controlled, failed to win a single concession from the government on its block grant plans.

Sir Godfrey said the bill represented the biggest threat to constitutional independence of local government since the last century. It would enable any Environment Secretary to over-ride the democratic right of local electors to decide for themselves the kind of government they wanted to see in their own local areas.

It could lead to direct interference by ministers not only in the overall spending policies of individual authorities but on their spending on individual services, Sir Godfrey said.

"It could well lead to Whitehall deciding for electors whether they should put the greatest priority on housing or social services or education. Certainly it will limit the democratic right of electors in an intolerable manner that must be resisted."

# Senior civil servants 'should master computers'

BY ROBIN PAULEY

THE FAILURE of senior civil servants to understand computer technology places in doubt their ability to take key decisions, says a Civil Service computer specialist.

Mr. Derek Croisdale, a senior principal who is deputy director of systems training at the Civil Service College, warns that top Civil Servants will have to put themeselves in the hands of computer personnel unless they learn to understand the complex computer systems for which they are responsible.

His warning is made in a critical paper which is likely to prove extremely embarrassing to the Civil Service department.

He says: "Computers are far too dangerous to be left in the hands of specialists. A disturbing fact is that there is apparently no perceived need by top Civil Servants for any more training, especially if it is to last for more than a few days.

"There is an air of complacency despite the need for more senior staff to play bigger roles in the application of computers to administrative work."

Computers are casting their influence in a growing variety of ways, he says, from simple devices to complex mainframe systems with extensive communications networks.

"A growing number of senior administrators will find themselves at under secretary level with the responsibility for making major decisions affecting complex computer-assisted systems. Most of them will be ill-equipped to discharge this responsibility because their career development will not have provided them with the necessary experience and development."

Referring to the possibility of senior civil servants being manipulated by computer specialists, Mr. Croisdale says: "Who is master and who servants? It is necessary to consider how the administrator and manager ought to collaborate with computer specialists."

The problem arises because administrators have never established a proper working relationship with computer specialists. "Too often, the administrator had abdicated his responsibility to the specialist."

He urges the creation of a post in the CSD of informatio systems designer.

# Plan for saving rural life in Wales

By Robin Reeves, Welsh Correspondent

A SERIES of initiatives aimed at reversing the economic and social decline of rural Wales was unveiled by the Development Board for Rural Wales in Aberystwyth yesterday.

But the Government-backed board, which has achieved considerable success in attracting new light industry to mid-Wales, is stressing it cannot produce instant solutions to long-standing problems.

It has chosen 25 villages of varying size and distance from towns throughout mid-Wales for a series of experiments which it hopes will make a significant impact.

The initiatives include:

- Establishing new sources of local employment by using mobile buildings as workshops until projects are properly established.
- Designing houses which incorporate workshops, retail space and rooms for tourist letting.
- Encouraging community bus services whereby a bus is provided but the village provides the drivers.
- Maintaining pressure on major oil companies to retain petrol stations in villages and encouraging alternative distributors to set up and expand.
- Arranging training programmes on small-shop keeping and offering business advice to retailers in the selected villages.
- Laying on "rural ledearship courses" to encourage individuals interested in, or active in, helping their community.
- Assisting in the development of community co-operative ventures.

Over the past two years, a number of reports and surveys have painted an alarming picture of rural decline in public transport, shops, post offices and schools.

The board says its studies reveal not one main problem but a number of individual village problems.

# Dearer parking charges urged

BY LISA WOOD

HIGHER parking meter charges, more bus lanes, and more convenient bus stops were called for yesterday by Mr. Ralph Bennett, chairman of London Transport.

Mr. Bennett said at a meeting of the Institute of Road Transport Engineers, the only way to avoid serious traffic congestion is to restrict the number of cars on the roads.

London meter charges are still "relatively low" and there is a serious shortage of traffic wardens.

His comments came only hours before Westminster City Council's highways committee announced that its meter charges are to double by the end of 1981.

Mr. Bennett said most large cities in the world find it worthwhile to pay subsidies to keep down fares and make public transport an attractive alternative to the private car.

On grounds of convenience, environment, energy saving, traffic congestion and finance there are good reasons for not seeking a private transport solution to urban transport problems, he said.

Traffic congestion is getting worse, and is disrupting bus services, making them more expensive.

- London Transport tube fares rise 19 per cent on Sunday.
- A survey by the Automobile Association found 47 per cent of Britain's workforce, and 60 per cent of car owners, use a car to travel to work.

# Medical insurance charges unaltered

BY ROBIN PAULEY

THE 35 per cent increase in charges for National Health Service hospital pay beds announced recently is unlikely to affect subscribers to private medical insurance schemes for some time.

The rates announced by the Department of Health and Social Security will increase the daily charge for a single bed in a private room at a London teaching hospital to between £95 and £101. They take effect in April when prescription charges will rise from 45p to 70p per item.

A spokesman for the British United Provident Association, Britain's largest medical insurance company with more than 1m members, said subscription rates were planned to deal with such events. The proposed health service rise was unlikely to affect the review of subscription rates in May. The next review would not be until next January. Bupacare rates have not increased since February last year.

Private Patients Plan, the second largest company with more than 250,000 members, said subscription rates were planned two years in advance. Although a rise of 35 per cent for health service pay beds was higher than expected, some rise had been included in previous calculations. Only 60 to 70 per cent of claims were for hospital accommodation. The number of private patients using health service pay beds rather than private hospitals was falling.

Private Patients Plan reviews its charges in June but said they were unlikely to rise more than the rate of inflation.

The new health service charges mean a week in a London teaching hospital will cost up to £710.

# Air service to Dublin approved

By Stewart Dalby

THE FIRST direct air link between Northern Ireland and the Continent was approved yesterday.

Five flights a week between Belfast and Amsterdam will be operated by NLM City Hopper, a subsidiary of KLM, the Dutch national airline.

The service starting on April 8 was welcomed by the Northern Ireland Tourist Board, which said until now most visitors from the Continent flew first to Dublin.

### Deterrent

The 100-mile road journey from Dublin to Belfast deterred visitors to Northern Ireland, the Tourist Office said.

In spite of this it is estimated that 26,000 people visited Northern Ireland from the Continent in 1979. The Dutch were, with the Germans, among the most prominent visitors.

The aircraft operating the service will be the 80-seater Fokker F-28 Fellowship, part of which is manufactured by Shorts in Belfast.

# Distribution 'ever more important' for industry

BY LYNTON McLAIN

HANDLING and distribution were rapidly becoming "an ever more important feature of Britain's industrial life," Sir Derek Ezra, chairman of the National Coal Board, told industrial and commercial distribution managers at a London conference yesterday.

The board has one of the biggest handling and distribution tasks in the country. It is devoting a great deal more time to studying new techniques, including greater automation.

Staff had been sent "around the world" looking at automated distribution.

"We must learn from other people's experience."

The conference was organised by the National Materials Handling Centre.

Mr. John Williams, director of the centre, said the cost of movement and storage of materials accounted for 39 per cent of Britain's economic activity.

The centre was set up by Government/industry funds 10 years ago to develop handling and distribution techniques to help cut inefficiency in industry. It is to start Britain's first masters' degree course in distribution technology and management in October.

Mr. Williams said industrial companies said they needed twice as many students qualified in distribution as could be trained. But so far he had been disappointed by the response. He urged industry to support students and employees for the course.

Sir Derek, who is president of the centre, told delegates it had just been awarded a £52,000 grant from the Wolfson Foundation to design an automated handling machine for warehouses.

# Call to screen for deafness

MORE THAN 50 per cent of children with significant hearing loss are not diagnosed as deaf until 3 years old, says a report published yesterday by the National Deaf Children's Society.

Total population screening should be carried out by health visitors at 8 months, to diagnose deafness early and enable medical educational help to be given, it says.

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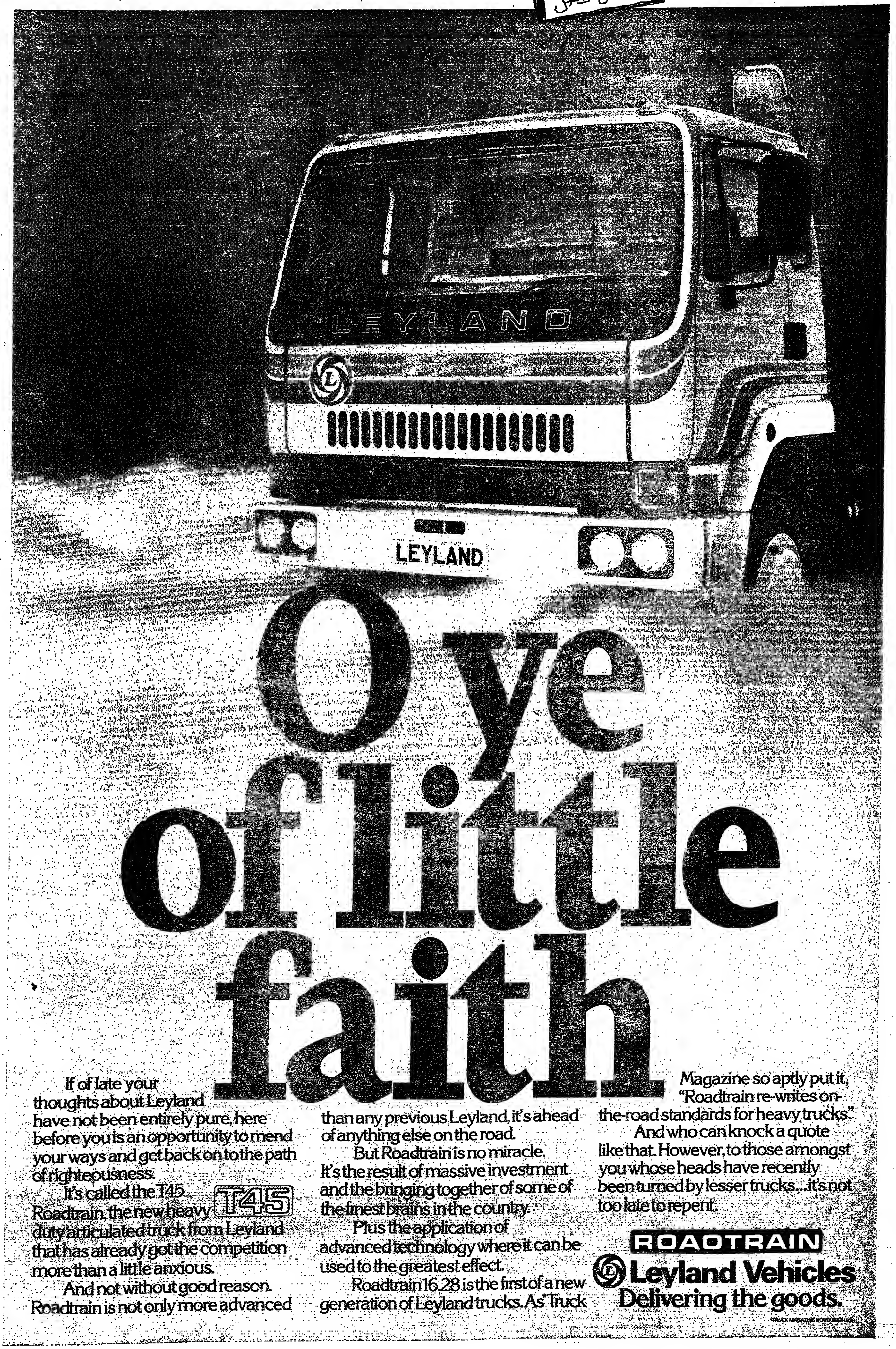

# Conference on public transport violence

THE GOVERNMENT is to hold a conference with unions and transport management over violence on public transport, Mr. Norman Fowler, Transport Minister, told the Commons yesterday.

Mr. Fowler's announcement comes after bloody scenes at Neasden Underground station last Saturday, when 200 youths from rival gangs ran riot.

Train driver Mr. Michael Copeman suffered serious facial injuries and amnesia, and 20 other people, including seven passengers, were treated at hospital after being attacked by youths.

Mr. Fowler said: "I think the whole House will deplore the violence that was seen at the weekend, and in particular injuries inflicted on London Transport staff and on members of the public.

"This is becoming an increasingly serious problem and I can tell you that I and the Home Secretary will soon be holding a working conference, which I hope will be next month, involving trade unions and organisers of transport industries on violence on public transport.

# Tougher line on EEC budget

BY RICHARD EVANS, LOBBY EDITOR

THE LATEST assessment in London of European Community negotiations over Britain's contribution to the budget appears to have led to a toughening rather than a relaxation in the Government's attitude.

It was learned, after a meeting at 10 Downing Street yesterday between the Prime Minister, Lord Carrington, Foreign Secretary, and Sir Geoffrey Howe, Chancellor of the Exchequer, that the Government feels its target at the Brussels summit should be raised because of Britain's escalating net contribution.

This was put at £1bn at the time of the Dublin summit last November but has now increased to over £1.1bn and will reach £1.3bn in the next financial year if circumstances remain unchanged. So if a target of £600m to £700m were acceptable after the Dublin stalemate the suggestion is that more would now be required to make a settlement equitable.

Despite the rather gloomy assessment of prospects made by Lord Carrington after his Council of Ministers meeting in Brussels on Tuesday, Mrs. Thatcher's intention remains to secure a substantial resolution of Britain's budget problem at the Brussels summit on March 31 and April 1.

But Ministers were at pains to stress that there was no intention of going to Brussels issuing threats, and the Prime Minister's warning that the Government might be obliged to consider unilaterally suspending part of Britain's VAT payment was not seen in this light.

The option of suspending the 1 per cent VAT payment amounting to £850m to £900m a year remains a possibility, and Ministers have taken legal advice on the implications.

It is unclear whether withholding the payments by transferring them to a blocked account would break Community laws, but should Britain be taken to court and found guilty, the signs are that the Government would not defy the judgment. As one Minister said cryptically yesterday, there would be other weapons available.

In a further attempt to put Britain's case across forcefully before the summit, the Prime Minister told the West German newspaper Die Welt yesterday that there had to be a solution to the budget problem if the Community was to develop.

She said that at present Britain's contribution was simply not fair. Britain was in seventh place among the Nine in terms of per capita income but in 1980 our net contribution was much more than any other nation's.

"We simply cannot afford this EEC contribution when, at the same time, we are having to cut expenditure at home," she declared.

But she emphasised that if there was a crisis within the Community it would not be caused by Britain but by those who expected the largest contribution from Britain despite its economic position.

"That is not fair, that is inequitable and things cannot go on like this," she insisted.

# Torch carrier for the other Games

BY PHILIP RAWSTORNE

MINISTERS AND civil servants were sportingly urged in the Commons yesterday to take up cycling.

It seemed to be the answer to the Government's current problems, providing both a cut in public spending and a possible alternative to the Moscow Olympics.

But Mr. Paul Channon, Minister for the Civil Service—and thus eminently qualified for the tandem—demurred.

"The Government is not anxious to face another by-election in Southend," he quipped.

Labour MPs looked a bit downcast by such an uncompetitive spirit; but they cheered up considerably as the Government's long distance runner, Mr. Douglas Hurd, jogged in from Geneva.

The Minister of State, Foreign Office, had been chosen to carry the torch for the alternative Olympics.

And Mr. Tam Dalyell was waiting impatiently to discover whether he had lit the flame or merely scorched his fingers.

Mr. Hurd appeared a bit breathless—at least he did not have much to say. "Useful progress has been made," he reported.

What sporting organisations were encouraging the Government in its efforts to stage alternative competitions? Mr. Dalyell demanded.

Mr. Hurd, realising that he had strayed among the field sports, ducked.

Quite a number were interested, he said. "Name them, name them," the crowd chanted—"It is for them to express their views," he replied.

Twelve countries had attended the Geneva talks, Mr. Hurd told Mr. Peter Shore.

Their ideas for alternative high quality competitions would now be discussed with governments and sports bodies.

"There are a large number of countries which are still sitting on the fence," he admitted. "But they will make their decisions in a few weeks."

If a sports festival could be organised it would be held after the Moscow Olympics in August or September.

"Was your journey really necessary in view of the pathetic outcome?" Mr. Eric Heffer (Lab., Walton) inquired.

Mr. Hurd confessed that he had not gone with very high hopes. But more progress had been made than he had expected.

The 12 countries had been discussing the issue quietly for some time, he said. "One meeting led to another . . ." he added lamely.

But so far as most MPs can see, it did not seem to be leading to anything definite.

Ulster Unionist MP Mr. James Kilfedder pressed him to abandon the search for a "pseudo Olympic games." He thought it would sound the death knell of the Olympics if an alternative were ever staged.

Mr. Clement Freud (Lib., Isle of Ely) predicted more prosaically that the result would merely be a boycott by those athletes who were now refusing to boycott Moscow.

But Mr. Hurd pressed determinedly on. The Government believed strongly that the attendance of British athletes in Moscow would be contrary to British interests, he said. It was because the Government recognised the sacrifice involved that it was trying to arrange an alternative.

Mr. Hurd continued, dodging nimbly between the javelin and the hammers. Who was going to finance the games? Who would televise them? What sportsmen would compete in them?

Mr. Hurd had few answers—which was not surprising, suggested Mr. Denis Howell, Labour's sporting spokesman.

This had been a "ludicrous exercise"

More than 100 national governments had accepted the invitation to Moscow and 18 international sporting bodies had already said they would not sanction any alternative competition. "Any sportsman taking part in it would exclude themselves from international sport," Mr. Howell added.

# Vote for missile 'neighbours'

AN ATTEMPT to give people living near proposed cruise missile sites the right to vote on the plan was made in the Commons yesterday by Labour Left-winger Mr. Bob Cryer.

Mr. Cryer (Keighley)—who was given leave to introduce his Cruise Missile Sites Bill—challenged the Government to back its proposal if it genuinely believed in the freedom of the individual to choose.

He claimed his measure could start a movement in Britain, America, and Russia against nuclear weapons and prevent the possibility of Britain being turned "into a radio-active cinder heap."

Mr. Cryer told MPs: "The purpose of my Bill is to remedy a serious defect

Sir Geoffrey Howe, Chancellor of the Exchequer, preparing his Budget at the Treasury.

# Approval for Channel tunnel dependent on private capital

BY IVOR OWEN

TO SECURE Government approval any new Channel tunnel project will have to be financed by private capital, Mr. Norman Fowler, Minister of Transport, emphasised in the Commons yesterday.

He told MPs: "The cost of any scheme would be very large and I should make it clear now that the Government cannot contemplate finding expenditure on this scale from public funds.

"However, if a scheme is commercially sound, I see no reason why private risk capital should not be available."

Mr. Fowler said he looked forward to receiving any specific proposals, including those being prepared by British Rail, which would attract "genuine risk capital."

He confirmed that the British and French railways were co-operating on a scheme for a single track rail-only Channel tunnel.

"More needs to be done before the full implications of the scheme can be judged and variations might offer different advantages.

"I await with interest the full proposals which are due to be put to me this summer."

Mr. Fowler also stressed that the authorisation for a tunnel or any other Channel link must first be a joint Anglo-French decision and would need suitable arrangements between the two Governments.

With the cancellation of the earlier Channel tunnel project by the Labour Government in 1975 apparently in mind, Mr. Leslie Spriggs (Lab., St. Helen's) pressed for an assurance that once work had started there would be continuity of operations until completion.

Mr. Fowler replied: "I cannot give an undertaking of that kind."

He sounded another note of caution when pointing out that British Rail had not put forward its final scheme.

"What I am saying at this moment is we want to see schemes coming forward. They will then be examined, but they have got to meet the criteria.

"No public expenditure is available and it therefore must attract private capital."

Questioned about the likelihood of finance being available from EEC sources, the Minister commented "Clearly a Channel tunnel would be a natural candidate."

Mr. Albert Booth, Labour's Shadow Transport Minister, asked why so much reliance was being placed on private capital and called on the Government to publish a consultative document so that the full implications of a Channel tunnel for other forms of transport could be fully considered.

Mr. Fowler answered: "I believe there is a good opportunity for an enterprise which could be both profitable and in the national interest. I believe this proposal will be widely welcomed."

Mr. Alan Clark (C. Plymouth Sutton) referred to the "strong political element" with people wanting to tie Britain closer to the EEC, and asked if the Government had been under pressure from the Community to give the go-ahead for a new project.

Mr. Fowler said he had not been under any particular pressure.

"There has been a growth in traffic across the Channel and there is likely to be future growth.

"I would have thought the Channel tunnel—provided the details are right and provided we get the right scheme—would have been a sensible way of meeting that demand."




# Welsh Office hopes for enterprise zone

BY GARETH GRIFFITHS

WELSH OFFICE civil servants expect the Government to allocate one of its proposed "enterprise zones" in Wales.

Mr. John Annand, Under-Secretary, Economic Planning group at the Welsh Office told a meeting yesterday of the Commons Select Committee on Welsh Affairs that if the zones were set up he expected Wales to be awarded one.

It has been widely predicted that the site of the zone — which would be free of certain Government regulations — will be at Britton Ferry. The Welsh Office says its officials have been closely involved in drawing up plans for the zones.

The committee, which is looking at the role of the Welsh Office in creating employment opportunities, was told that Welsh industry had benefited to the tune of more than £1m a year in saved interest rates on cheap loans from the European Investment Bank. Companies had borrowed £31m from the EIB.

Mr. Richard Lloyd-Jones, the Welsh Office's Deputy Secretary, told the committee his department did not feel bound by the same constraints as the Department of Industry in examining the status of assisted areas affected by the steel closures.

The Welsh Office would make its views felt on the effects of the closures on the areas concerned, such as Shotton, Ebbw Vale, Llanwern and Port Talbot.

A memorandum on employment opportunities in Wales prepared for the committee argues that there is a need to find an extra 180,000 jobs for the increase in the Welsh labour force between 1976 and 1991.

# Employers counter attack over print industry pay

BY PAULINE CLARK, LABOUR STAFF

EMPLOYERS' organisations yesterday responded with a strong counter attack to threats of industrial action in the general print industry pay row.

The national councils of the employer organisations—the British Printing Industries Federation and the Newspaper Society—agreed at a special meeting to advise individual employers to stand firm against any union approach for local interim pay deals.

Employers' representatives said 16 of the largest print groups—more than one quarter of the industry—had already agreed to reject the National Graphical Association's demand.

The BPIF was setting up a fund to help members hit by industrial action.

The NGA representing some 65,000 craftsmen in the industry, gave details of its plans to offer individual employers "the chance to reach an interim agreement which would exempt them from any disruption of production."

It is giving employers five day's grace before starting selective industrial action.

The NGA is asking for £80 a week minimum for day workers and phased introduction of a 37½-hour week—a 1½-hour reduction from April 24, a further one-hour reduction on April 6, 1981.

It rejected an earlier employers' offer of £75 minimum earnings and a staged reduction in working hours to 37½ by July, 1982.

The NGA said many companies will be able to absorb up to £5 of the £17.79 a week increase from existing house rates and merit money. This would mean minimum new money of £12.79.

Any interim deals would last until the dispute with the BPIF and Newspaper Society was settled. Companies could then revert to the national agreement.

The NGA claims previous success in breaking away from national negotiations to seek local deals—notably during the last Government's pay restraint.

Mr. Douglas Maurice, industrial relations director in the BPIF, said the NGA's approach was designed to "mislead" companies into thinking the union demand was small. "In fact it is very onerous indeed."

Extra wage costs for most companies would amount to 25-40 per cent. Productivity clauses previously accepted by the NGA had also been emasculated.

# Order to reinstate printers

By Raymond Hughes, Law Courts Correspondent

THE PRINT union Natsopa was ordered by a High Court judge yesterday not to expel two former London Evening News printers who accepted voluntary redundancy.

The temporary injunction—suspended for seven days pending appeal by the union—will remain in force until full trial of the action.

Mr. Justice Vinelott said that in January last year the Evening News faced a serious financial crisis, with a £7.5m loss forecast for the year.

It negotiated with Natsopa for a reduction in machine-room staff and the union called for older and more senior men to volunteer for redundancy to save the jobs of younger men.

Mr. Brian Browning and Mr. Harold Barrett, who had worked for the paper for 20 and 42 years respectively, volunteered and each accepted an £11,000 redundancy payment.

The union decided the two men had broken the rules by failing to get the union's written consent to volunteer and said they were no longer entitled to membership.

Rejecting the union's argument that the two men had "sold their jobs," the judge said Mr. Browning and Mr. Barrett had only indirectly volunteered, because they had answered the union's call for volunteers. In those circumstances it would be absurd to say they had broken the rules by not getting written permission to volunteer.

# Welsh reject latest water pay offer

BY PHILIP BASSETT AND ROBIN REEVES

WELSH WATER workers' representatives yesterday rejected their employers' latest improved pay offer of 21.4 per cent—one of the highest in the current round of public sector pay negotiations.

An all-Wales delegate conference in Aberystwyth—of the National Union of Public Employees, the main union in the Welsh water industry, turned down the National Water Council's offer by a majority of two to one.

The 8,000 Welsh workers led the way for NUPE's rejection of the previous 19.2 per cent offer. This time, though, the full result will not be known until tomorrow when the union's water national committee meets.

The Welsh rejection has been balanced by the decision of NUPE members in the East and West Midlands, to accept the revised offer.

It is expected that members of the largest union involved, the General and Municipal Workers', will accept the deal "relatively comfortably," in a ballot being conducted by the Electoral Reform Society.

But local officials report some reluctance by workers in the water distribution side of the supply and sewerage industry, who are mainly represented by the GMWU, to accept the offer.

These workers tend to be in much closer contact with the gas and electricity supply workers who are used for pay comparability.

The gas and power workers' deals of about 19 per cent have disturbed some water workers who think the comparability element of their own deal has already been substantially eroded.

A NUPE official in Wales said the Aberystwyth meeting had felt employers had still not fulfilled their 1979 pledge to establish comparability with gas and electricity pay levels in the current round.

The unions' original claim was for an increase of around 40 per cent—some 20 per cent to establish comparability and 20 per cent to cover inflation.

However, employers stressed yesterday that at the end of discussions on the present offer, both sides accepted that the package fulfilled the 1979 comparability commitment.

# Picket curb 'could cause problems'

By Our Labour Editor

CAUTIOUS approval of the Government's proposals for curbing "secondary" industrial action was given yesterday by the Institute of Personnel Management.

The institute qualified its approval by saying the plans could still lead to "problems and misunderstandings." Changes in the law were unlikely to improve matters unless there was wide agreement on the direction of change.

Voluntary agreement would be more effective in the long term, it said.

It suggested injunctions could be served on "persons un-named," as happens in the case of squatters, and that the collection of fines through attachment of earnings would avoid the creation of martyrs languishing in jail.

● TUC leaders yesterday reserved their position on how to combat the Government's labour law reforms.

The TUC's employment policy and organisation committee did not discuss tactics for opposing the measures in the Employment Bill, other than to confirm the general council's view that public money for postal ballots should be refused by TUC affiliates.

The committee wrote to Mr. James Prior, Employment Secretary, urging him to drop the Bill—in the full knowledge that the Government has no intention of doing so.

# Exemption of 'black economy' attacked

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders yesterday accused the Government of "political prejudice" in its attempts to crack down only on social security abuses while ignoring practices of the "black economy."

The practices are widespread avoidance and evasion of VAT and income tax payments.

Five Civil Service unions launched a document on the black economy, called "The Fraud which the Government Ignores."

Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, said that the Government was acting against the poor by appointing 1,000 extra social security fraud inspectors while "letting business off lightly."

The union's executive is to ask for a further 1,000 staff to be appointed in the Customs and Excise Department to help stop VAT and tax frauds.

The department lost 1,800 posts last year and will lose a further 700, the union claimed, under the 2½ per cent manpower cuts announced by the Government last week.

The unions said the black economy was "a growth industry, one of the few success stories of British business." They claimed its true size, officially put at between £5bn and £11bn, was probably unmeasurable.

It cost the country up to £3bn a year in income tax and lost at least £750m in VAT revenue. Collecting that amount would have made the recent cuts in public services unnecessary.

The Government expects the new Department of Health and Social Security inspectors to save about £50m.

The unions said yesterday that appointment of 1,000 VAT and 1,000 revenue staff would recoup fraud and evasion worth in excess of £500m.

Mr. Tony Christopher, Inland Revenue Staff Federation general secretary, said that only 0.25 per cent of the 25m social security claims were found to be fraudulent.

Out of the 2.7 per cent of private company tax returns which was all the revenue could examine, because of low staff levels, more than 80 per cent needed adjusting.

Similarly, every VAT visit found an average £200-£300 in undisclosed payments.

Mr. Christopher criticised fringe benefits, particularly company cars. He said that about 2m employees had company cars and "many of them do not use them for business at all." The abuse should be corrected as quickly as the car-manufacturing industry could stand it.

# Internal bank talks urged by mediators

By Nick Garnett, Labour Staff

INDEPENDENT mediation proposals on pay comparability for staff in the Trustee Savings Banks have principally stressed that the management and the Banking, Insurance and Finance Union should negotiate settlements between themselves without outside assistance.

The union had submitted a claim for improvements in pay and conditions based on the changing nature of the bank and alterations in staff duties as the TSBs move to full bank status.

The proposals involve a one-off 2 per cent Christmas bonus, £52 a year on managers' salary scales and £39 for assistant branch managers.

There is nothing in the proposals on the pay structure for clerical or technical services staff or on a shorter working week which was part of the claim.

# Engineers' 17% rise is moderate, say officials

BY OUR LABOUR STAFF

UNION officials representing 29,500 electricity supply engineers yesterday described as "moderate" the 17 per cent pay deal agreed this week.

The deal takes the maximum for a second engineer — the main working grade in the structure — from £9,060 to £10,600 and the maximum point in the scale to £15,820.

Mr. John Lyons, general secretary of the Electrical Power Engineers' Association, said that in today's circumstances the deal was a moderate one. "At least we are on our way to establishing worthwhile salaries for the engineering profession."

Negotiations for the industry's managerial grades will take place tomorrow. But settlement may be delayed until publication of this year's report of the Top Salaries Review Board, chaired by Lord Boyle.

Top grades in the power industry already earn more than staff in more senior posts above them, covered by the Boyle report, following an arbitration award in January which gave increases of 2.4 to 6.5 per cent.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

## All-round view

REARWARD - VIEWING television, for mounting on large-capacity dump trucks of the type used in opencast sites is available from Marconi's electro-optical products division, Basildon, England. This division has developed the equipment as a private venture, working in co-operation with leading companies in the mining and construction industry.

The closed circuit televisinn system, costing approximately £1,400, can be fitted to new vehicles or to existing fleets, for greater safety. Systems have been ordered, by Orenstein and Koppel, for installation on their Giant Wabco 170-ton trucks. These, the largast type of rear dump truck to be used in *Europe*, capable of *payloads* up to 170 tons, are being used in conjunction with the largest bydraulic shovel in service in Europe.

*This* new *TV* system, *the* only one fully developed and tested under quarry conditions in the UK, has a rearward-viewing television camera, in a rugged, weatherproof housing, mounted on the vehicle, and connected to a monitor in the driver's cab. Shock mounts on the camera isolate the high levels of vibration which are usually encountered in large quarry vehicles.

As bigger dumper trucks are introduced into mines and quarries, in the interests of efficiency, the difficulties of rearward vision become acute. Accidents can occur, in which trucks are backed over tips, high walls, other vehicles or personnel. With the new television system installed, the driver has a greatly enhanced rearward view compared with that afforded by mirrors, which cannot cover the critical sector, straight behind the vehicle.

The idea of using television as a safety aid originated from the *British Inspectorate* of Mines and Quarries, which has thoroughly analysed the known hazards and various potential solutions. Companies have been given facilities to study the working environment in various quarries and to consider schemes for equipment acceptable to the mining and construction industry.

Electro-Optical Prodncts Division, which specialises in developing television systems *for a wide range of* industrial and other uses, has undertaken studies in conjunction with Murphy Brothers, Taylor Woodrow and Northern Strip Mining and has carried ont an 18-month programme of practical developments.

The work in conjunction with the above companies, has enabled Electro-Optical Products Division to develop a system with a rearward field of view suited to the variety of conditions encountered in qnarries. Tests have also proved that the system, used in conjunction with twin reversing lights, is very effective at night.

With the development phase completed, a system, supplied to Murphy Brothers, Mining and Plant Division, is now undergoing an intensive trial at an opencast coal site in South Wales. The installation, on a Terex R50 truck, is being evaluated under routine *working conditions, in all weathers*, both during daylight and after dark.

Marconi Avionics, Airport Works, Rochester, Kent ME1 2XX. 0634 44400.

## Crane looks over the obstacles

OF PARTICULAR interest to crane operators at small quays or ports, and anyone who wants a mobile crane for many purposes, Jones (600 Group) has a special version of the 571M, which it has coded 571 EC, for elevated cab.

On the 571 EC, the resting position of tha cab is on top of the superstructure, exactly as on the standard crane. It moves vertically up its extending mast, not only giving best possible all-round and down visibility, but also allowing normal operation of the crane to be entirely unaffected.

With the cab at any height the driver chooses between 3.96 and 6.85 metres the full 32-tonne capacity of the crane can be *exploited* (e.g. *32-tonne* at *10-ft* radius; 18-tonne at 20-ft radius).

In docks or barbours the Jones 571 EC offers the ability to see over the side and into the hold of a ship at high tide, or over the side of the quay at low tide, or any othar obstructien. The crane's beadroom, when travelling, is 3.96 metres.

The 600 Group, Wood Lane, London W12 7RL. 01-743 2070.

● PRINTING

## UK technology leadership

IT IS over 12 years since Crosfield Electronics introduced the first enlarging scanner to the world's printing and graphic industries and, where quality *printing is carried* out on web-fed presses, the company's Autotron register control is said to be a household word.

Another new scanner has been added to its Magnascan series. This is a duplicolour scanner with the addition of a Laserdot generator, the electronic alternative to contact screening.

This new facility provides conventional screen angling with the well-proven *relative* angles of 15°, 45°, 75° and 90°, thereby eliminating the patterning problems of compromise angles inherent to other systems, says the company.

Angles are positioned accurately at the identical ruling for all four colours and ao main*tain* the *normal, unobtrusive* rosette formation as well as ensuring freedom from Moire.

Screen rulings of 75, 85, 100, 120, 133, 150, 175 and 200 lines/inch provide for all requirements and eliminate the cost of stocking contact screens. The required ruling is simply selected with a switch.

Electronically generated dot can be etched by a controlled amonnt, said to be the ideal compromise between a perfectly hard dot which cannot be etched without break-up, and a soft dot which is etchable but requires critical film processing.

Dot cut-off along sharp edges ensures picture sharpness as well as the best resolution, and the newly designed optical and *electronic components secure* top performance, reliability and repeatability.

High light output from the laser enables normal orthochromatic lith or line film to be used.

New joint venture for laser platemaking is also announced *by the company (which is part* of De La Rue).

Crosfield and LogEtronics (based in Springfield, Virginia, U.S.) will merge to form a new company called LogEscan Systems Inc. The last will be located in Springfield and will make and market world-wide the LogEscan 1 Laser Platemaking System, and also develop further the technology of direct laser exposure of offset, di-litho and photorelief printing plates. It is expected that operations will commence on April 1 this year.

Major feature of this system is the direct exposure and production of offset printing plates or a non-silver film for the production of relief plates, s flexibility which will permit newspapers to utilise many existing platemaking systems while avoiding the use of silver based film which has recently increased dramatically in price.

*LogEscan products will be* marketed through a direct sales force in the U.S., through Crosfield's own companies in Europe, and by distributors in the rest of the world.

More from Crosfield at Hamlyn House, 21 Highgate Hill, London N19 (01 272 0255).

DEBORAH PICKERING

● COMMUNICATIONS

## Page transmitted in under a minute

ALTHOUGH 3M, in common with some other makers, feels *that the facsimile market* has been distinctly slow in getting off the ground in UK business circles compared with the U.S. and Japan, it takes the view that general availability of "sub-one-minute" (that is, Group 3) machines will make a big difference and so has introduced into the UK the model 9600, a digital machine costing just under £9,000.

The machine, of which "several thousand" have already been *installed* in the U.S., has no speed versus quality choices. Under microprocessor control the 9600 *prefaces* each *transmission* with an examination of the line to determine the maximum speed for good quality it will *support*, up to a *maximum of* 4800 bits/sec. Furthermore, operation is duplex allowing a document to be sent and another received at the same time.

Digital operation and economic coding of the transmitted signals has yielded much of the speed gain.

Encoding techniques mean that, if there is only a small amount of typed or printed matter nn the page, it will take correspondingly less time to be transmitted. Further speed gains are obtained by proprietary data compression techniques.

So far as the user is concerned the least simple part of operation is likely to be the establishment of the telephone call. The called machine answers after five "rings" and after some initial electronic "handsbaking" the sending machine takes in and scans any document the user has put in the input tray (up to 50 sheets).

A useful facility is polling, in which a remote machine can be called up and asked to send any document that has been left in its tray—of great use in transatlantic communication with its associated time *zone differences*.

By direct connection of the scanning section to the printing unit, the 9600 can also serve as a standby copying machine.

One of the restraints upon the growth of Group 3 machine installation is bound to be the *present lack of standards*, and to some extent 3M has gone out on a limb by introducing a machine which is not compatible with any other: a 9600 can speak only to a 9600.

There are also, of course, other means of sending text, so that the growth of facsimile *might be inhibited, for example*, by the communicating word processing machine.

Nevertheless, according to 3M, about 2000 fax machines of all kinds have been installed in the UK (mostly two-minute units) in the past year giving an installed base of perhaps 10,000. In the coming year a market growth rate of 22 per cent is predicted.

More from 3M, Business Communications Product Group, P.O. Box 1, Bracknell, Berks. (034426726).

GEOFFREY CHARLISH

● METALWORKING

## Coating metals with protective refractories

TWO new particla coating methods: sol-spray and planetary rolling techaiques, for application in metallurgy, have been developed at Harwell.

Evolved under a *programme* sponsored by the Department of Industry's Chemical and Minerals Requirements Board, they can be used in prodncing barrier coatings to inhibit or control the reaction rates of materials in a number of molten metal environments. Both techniques can be used for substrate and coating materials production.

In the sol-spray method a non-dispersible powdered coating material is suspended in a colloidal dispersion (sol), and sprayed into n fluidised bed of substrate particles. The use of the fluidised bed limits particle agglomeration by minimising static particle contact and allows coatings of even thickness to be applied. Coating thickness, density and integrity can be regulated by varying the spray composition, and by control of the final drying and sintering *process*.

Particles varying in size between 100 micrometres and a few milimetres have been successfully coated with a range of refractory materials. The technique can also be modified, by adjustment of the sol component, to provide conditions suitable for particle agglomeration, allowing the build-up of coated agglomerates of particles of differing size and density.

Planetary rolling has been developed for application where spherical coated particles are required. Here the substrate particles are themselves built up from a fine powder and binder mixture, which, when gyrated in planetary motion densifies in the form of spheroids. Coatings can then be applied simply by changing the composition of the powder feed and continuing planetary gyration until the required thickness is achieved. Multiple layer coatings can easily be applied in this way. The process is completed by carefully controlled sintering to optimise the densification of both the coating and substrate.

Thia technique offers a simple method of particle manufacture for materials available in powder form. Many refractory coatings have already been successfully prepared.

Both techniques offer cost advantages over other coating methods (*for example* sputtering and chemical vapour *deposition*) and *can* be *easily* scaled-up for commercial production.

They could have wide application in the metallurgical, ceramics and materials technology fields. Application developments can be discussed with Dr. Andy Feest, Metallurgy Division, Building 35, AERE Harwell, Didcot, Oxon OX11 0RA. Telephone Abingdon (0235) 24141 Extension 2426.

● SAFETY

## Attention drawn to danger

FROM JUNE onwards, all upholstered furniture which does not conform to certain fire resistance tests, offered for sale in the UK, will have to carry a warning label, says Britisb Furtex, Luddendfoot, Halifax, West Yorkshire.

Also in accordance with new government legislation, from December 1, 1981, all upholstered furniture will be required to satisfy the official British Standards test (BS5852) for resistance to ignition by cigarettes, matches and other smokers' materials.

*In anticipation of the forthcoming legislation*, Britisb Furtex bas produced an advisory document which provides full details of official test methods and the reasons for and scope of the new legal requirements.

It has developed also a wide range of moquettes and velvet *fabrics (which conform* with BS 5852) backed by a range of standard polyurethane foams which promise to help furniture makers and re-upbolsterers to conform with the new Government Act.

As part of its customer service facilities, the company has also built a fire testing laboratory to carry out the necessatry tests for BS and DoE FR3 specification for contract furnishing fabrics.

● CALCULATORS

## Displays pop up

*THOSE WHO* have perhaps become irritated with wafer thin card calculators having tiny buttons that can be wrongly pressed might be better pleased by the LC1016 from Toshiba.

Measuring 4.3 x 6.3 x 0.3 in and weighing five ounces, this calculator is as easy to use as desk-top macbine but can still be slipped into the pocket. In use it can be placed on a flat surface and the liquid crystal display flipped up to give *improved visibility. But it* can also be used in the hand.

Calculating capacity is 10 digits plus sign, and other facilities include a three key independent memory, keys for square root, percentage, sign change and *x/y* register exchange.

The machine is distributed by Office International (GP), Windmill Road, Sunbury on Thames, Middx. (09327 85666).



● AUTOMATION

## From Slough to Tokyo

AN EXPORT success—and a relatively unusual one—will be the supply by Mars Money Systems of 21 coin validation machines to Nippon Signal Company in Tokyo. The Japanese company is manufacturing automatic fare collection systems for the Madrid Metro and the equipment is expected to come into operation in the summer.

The system does away with ticket issuing and collection *staff altogether*. A traveller puts appropriate money in the validator for his journey and a line signal is provided for the associated ticket machine to issue the appropriate ticket. He then passes through an input gate opened by the ticket to the trains. At the end of tha journey, a similar gate lets him out again.

The MMS machines are able to comprehensively check the coins inserted by measuring diameter and thickness and material composition.

Mars Money Systems, 266 Bath Road, Slough, Berks. (Slough 70921).

● COMPUTING

## First PET show

ALREADY UNDER way are preparations for the world's first PET show, announces Business Image (incorporating Baroness International), 1 Old Compton Street, London W1 (01-734 2907).

A range of approved PET products developed in the UK *will be* demonstrated on over 50 stauds. These will include specific software programs, application demonstrations, hardware products and peripherals, many of which were designed solely by the end-user.

Commodore Business Systems will also exhibit a wide range of PET system configurations and software aod its staff will be on hand to discuss these with users and buyers.

# THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

MARKET RESEARCH SOCIETY CONFERENCE

## The good times are gone

FOR AN industry whose turnover in the past 10 years grew by approximately two-thirds in real terms, the market research business remains notoriously cloistered and demure — an archetypal cottage industry, or so it would appear, whose greatest single problem is a blinkered introspection.

Those were but two of the epithets employed yesterday by Michael Leach, one of the first-day speakers at the annual conference of the Market Research Society in Brighton.

Mr. Leach is the marketing director of James Robertson and Sons, and was discussing marketing in the '80s and the challenge for research.

He said he had often recommended the use of research in a bid to identify the extent of market problems, from pricing and the growth of own label to the increasing squeeze on manufacturers' margins — problems, he claimed, about which market research companies in general displayed a "blinding lack of understanding" which undermined confidence in the industry.

He said that, all in all—against the increasingly computer-orientated and apparently sophisticated background of modern marketing—the research business looked rather like a cottage industry: too many small companies surviving on very low overheads and a simplistic management style and operation.

The factors he sought to blame were the research industry's "increasing introspection"; its alleged failure to communicate its skills and achievements; its rapid loss of confidence, as shown by the "terrible tantrums . . . on membership grades"; its apparent inability to "rid itself of some of the increasing suspicion shown by members of the public and media alike," and what he said he thought was a lack of readiness to display a competent and professional face to the rest of the business world.

He blamed the elders of the Market Research Society as much as the mass membership, and suggested the society hire an advertising agency, plus a firm of PRs.

This outburst must have caused more than a frisson as delegates to the society's biggest-ever conference rocked back in their seats in the vaults of the Metropole Hotel. On the other hand, Mr. Leach thought there was plenty of scope for positive reaction: "British business still does not use research in a progressive and sophisticated manner, but I believe this will change—the opportunities for substantial growth are there."

Although market research enjoyed very buoyant growth for most of the 1970s, the going today is definitely harder.

According to the Association of Market Survey Organisations, the combined turnover of its 28 member companies rose by 18 per cent last year—around 6 per cent in real terms. Total AMSO sales were in excess of £50m, compared with the total value of research commissioned, which it put at £85m.

### Successful

An important feature of the AMSO figures last year is that they include £9.4m worth of UK turnover for AGB Research, the most successful company in the field, which has rejoined the association.

Overall, AMSO members had a very mixed year. There was a squeeze on margins, partly influenced by the end of the pay freeze, and in some cases a sharp fall in profits.

Although the average pre-tax margin for all AMSO members was eight per cent, about the same as in 1978, the predominantly ad hoc companies' average margin fell from 6.4 pe rcent to 4.3 per cent. There were significant increases in the proportion of total research commissioned by the motoring, advertising, food, industrial, tobacco and medical sectors, and relatively sharp falls in the proportion of research done for the nationalised industries and agriculture.

The current structure of the UK research industry, the demand for research in the 1980's, and the manner in which the industry is likely to adjust to expected changes in demand were the subjects discussed in Brighton yesterday by Martin Simmons and Lionel Gordon of Gordon Simmons Research.

Their main conclusions were as follows:

● Market research will not be a growth industry in the 1980's. The decade will be a period of low economic growth and demand for research will expand only slightly faster than the economy as a whole.

● Traditional research areas have reached saturation point. The growth areas will be the service sector, industrial, pharmaceutical, international and communications research.

● The industry will have to widen its horizons, seeking business outside the marketing area.

● Research users will increasingly expect their research agencies to be problem solvers, not mere data collectors.

● By the end of the decade, the top ten research companies will account for about two-thirds of total business.

● Main impact of new research technology will not be felt until the 1990's, but it will influence the growth of telephone interviewing and central location studies.

● The 1980's will demand a professional approach to research company management, and to promotion to the outside world, government and public.

According to Messrs. Simmons and Gordon: "On balance, we expect overall demand for research to follow closely the economic cycle. This means that the prospect for growth is rather gloomy in the first half of the decade, and particularly up to 1983.

"Thereafter there is likely to be real growth as the industry adjusts to opportunities. For the decade as a whole, we forecast that real expenditure on market research in 1989 will be about 25 per cent above the 1979 figure, only slightly above the anticipated real growth the economy: that is, just over £100m at 1979 prices."

### Dominance

They expect an increase in syndicated and omnibus work as against large scale ad hoc studies, less reliance on personal interview techniques and more on telephone and direct logging, and a continuing swing to qualitative research, for budgetary rather than technical reasons.

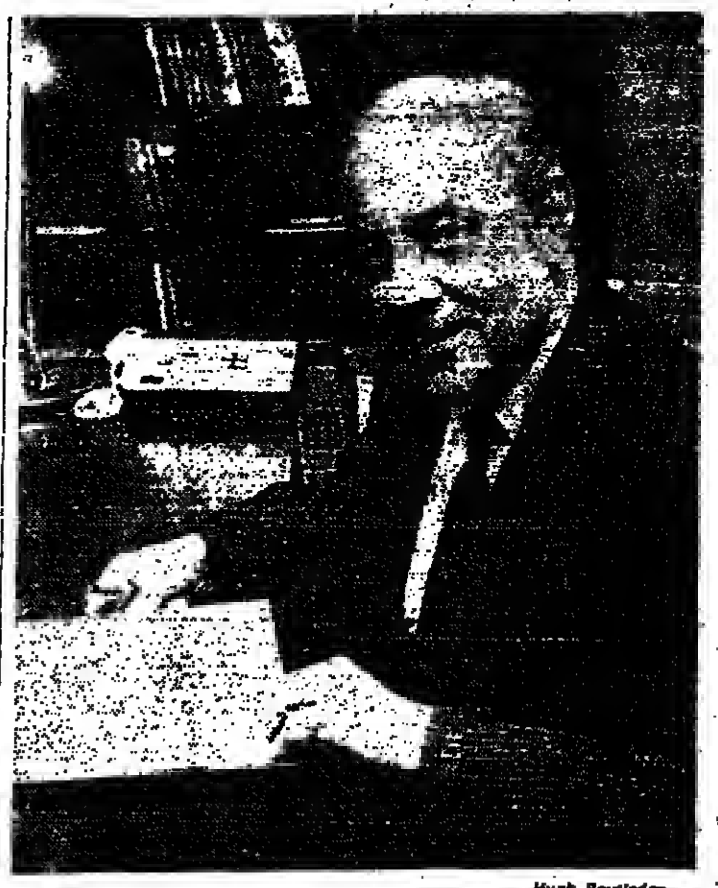
By 1990 they expect six to ten major research organisations will be dominating the industry, although there will probably be as many small suppliers as there are today. The outlook for the medium sized research agencies, they say, is less certain. Overseas markets will prove attractive, because international research is a growth area, and although implications of new research technology are difficult to forecast, there will be a clear need for more professional research company management.

### MARKET RESEARCH TOP 20 (£'000)

| | Year | Turnover | Pre-tax profit (loss) | % Margin |
|---|---|---|---|---|
| AGB (UK Research Group)* | 4/79 | 9,400 | 1,400 | 15 |
| Nielsen | 8/79 | 7,577 | 984 | 13 |
| Research Bureau | 79 | 5,348 | 326 | 6 |
| NOP Group | 9/79 | 4,241 | 389† | 9 |
| BMRB | 79 | 2,858 | 96 | 3 |
| Research Services | 79 | 2,050 | 11 | 1 |
| Marplan | 79 | 1,864 | 67 | 4 |
| MAS | 10/79 | 1,609 | 20 | 1 |
| MIL | 1/79 | 1,527 | 127 | 8 |
| Louis Harris | 79 | 1,324 | 37 | 3 |
| Taylor Nelson Group | 3/79 | 1,215 | 115 | 9 |
| Stats MR | 3/79 | 1,200 | 47 | 4 |
| PAS | 12/79 | 1,103 | 83 | 8 |
| Gallup | 79 | 980 | 30 | 3 |
| Gordon Simmons | 5/79 | 979 | 74 | 8 |
| Mass Observation | 79 | 911 | 116 | 13 |
| Schlackman | 5/79 | 839 | (8) | — |
| IFF | 2/79 | 776 | 56 | 7 |
| Millward Brown | 9/79 | 747 | 65 | 9 |
| BJM | 11/79 | 703 | 41 | 6 |

* Includes Attwood Statistics, Audits of Great Britain, Research Surveys of Great Britain and Industrial Market Research; excludes UK non-research and all overseas activities. † Before profit sharing.

Source: AMSO.



Hugh Routledge

Bernard Audley, chairman of AGB Research.

## AGB: sitting pretty, bidding trumps

THE BIGGEST, most profitable, research company in Britain is the publicly-quoted AGB Research, which recorded consistent and rapid growth throughout the 1970's and looks extremely well placed at the centre of what chairman Bernard Audley shrewdly calls the matrix of the information business.

In 1970, the year it went public, AGB profits were £200,000. In the current year, the forecast group pre-tax figure is at least £2.8m. In 1978-79, its research interests, both at home and abroad, yielded profits of £1.6m, but in addition, AGB has moved smoothly into book and magazine publishing, information systems, computer services, exhibitions and conferences.

At present, the research and publishing sides are growing at approximately the same rate, but an important factor in group growth will be its policy of lateral expansion. More acquisitions are due this year, as underlined by its recent one-for-four rights issue.

With research at one extreme and data-based publishing at the other, AGB's information systems and marketing services fit neatly in between. "More and more the world seeks to be informed," says Mr. Audley. "The opportunities are enormous." It is because of its diversification into research-related areas, as much as its pre-eminence at the head of the AMSO table, that AGB is sitting pretty.

It has extensive research interests in Europe (it is Europe's biggest research company) and holds the television audience measurement contract in Hong Kong, which it views as a launch pad for other operations in South East Asia.

One of its most ambitious recent projects was AGB INDEX, which monitors personel finance.

On the research front, Mr. Audley has no doubts that AGB will ride the economic recession in relative style. The main interest will lie in his continued ability to define and exploit the links, as he sees them, between the stamping grounds of research, publishing, information systems and marketing services.



## Fourth channel: fresh lobbying

WITH THE Government's Broadcasting Bill now at committee stage, there is renewed heavy lobbying over who sells airtime on the proposed fourth television channel. The advertising industry wants competitive airtime sales and opposes granting the sales rights exclusively to current ITV-1 franchise holders.

"The Government is calling for a tougher and more competitive approach from industry as a whole," said Kenneth Miles, director of the Incorporated Society of British Advertisers this week, "but there seems to be a blind spot on this particular issue. We deplore the extension of the monopoly in the sale of advertising airtime."

Advertisers were concerned that the viability of the fourth channel would be in doubt if the proposed sales monopoly was allowed, said Mr. Miles. "Advertisers would certainly give their enthusiastic support to the new channel if independent sales organisations were involved; but they have deep reservations about the present proposals."

ISBA says that 600 of its member companies provide more than 75 per cent of total ITV revenue. "Against that background, the ISBA cannot disguise its disappointment at the attention that is being paid to industry's viewpoint."

It says it entirely endorses the principle that programming decisions should not be subordinated to commercial considerations, and claims that an "American-style ratings war. . . just couldn't happen" under provisions already laid down.

Current Government proposals, claims ISBA, would force up prices, permit packaging of peak and off-peak time, and perpetuate "discriminatory pricing."

● ITV NET REVENUE last month was £42m, against £27m in February last year.

## 'Pincher' cleared

THE FIAT 127 Palio's bottom-pinching poster—headline: "If it were a lady, it would get its bottom pinched"—has been exonerated by the Advertising Standards Authority, despite 21 individual complaints and a letter of protest bearing 34 signatures.

The complainants thought the poster offensive, and "tantamount to inciting sexual molestation." The ASA disagreed. It said it thought the poster would "generally be interpreted as a humorous allusion to the Italian origin of the car."

A spokesman for the agency involved, the prize-bedecked Collett Dickenson Pearce, described the judgment as level-headed.

Anyway, he said, the Palio was especially designed to appeal to women.

● THE CREATIVE consultancy formed by ex-JWT creative director Peter Bostock and ex-Masius creative director Chris Sharpe has gained its first account—the Clark Group, makers of machine tools. Billing will be £200,000.

● PERNOD is launching a £1.5m advertising and promotion campaign, 50 per cent up on last year, when sales showed a 34 per cent increase to more than 300,000 cases.

● PIRELLI is spending more than £500,000 on advertising this year.

● CHARLES BARKER, Black & Gross has launched a £250,000 campaign for Subaru's new range of saloon and four-wheel-drive cars.

هكذا من الأصل



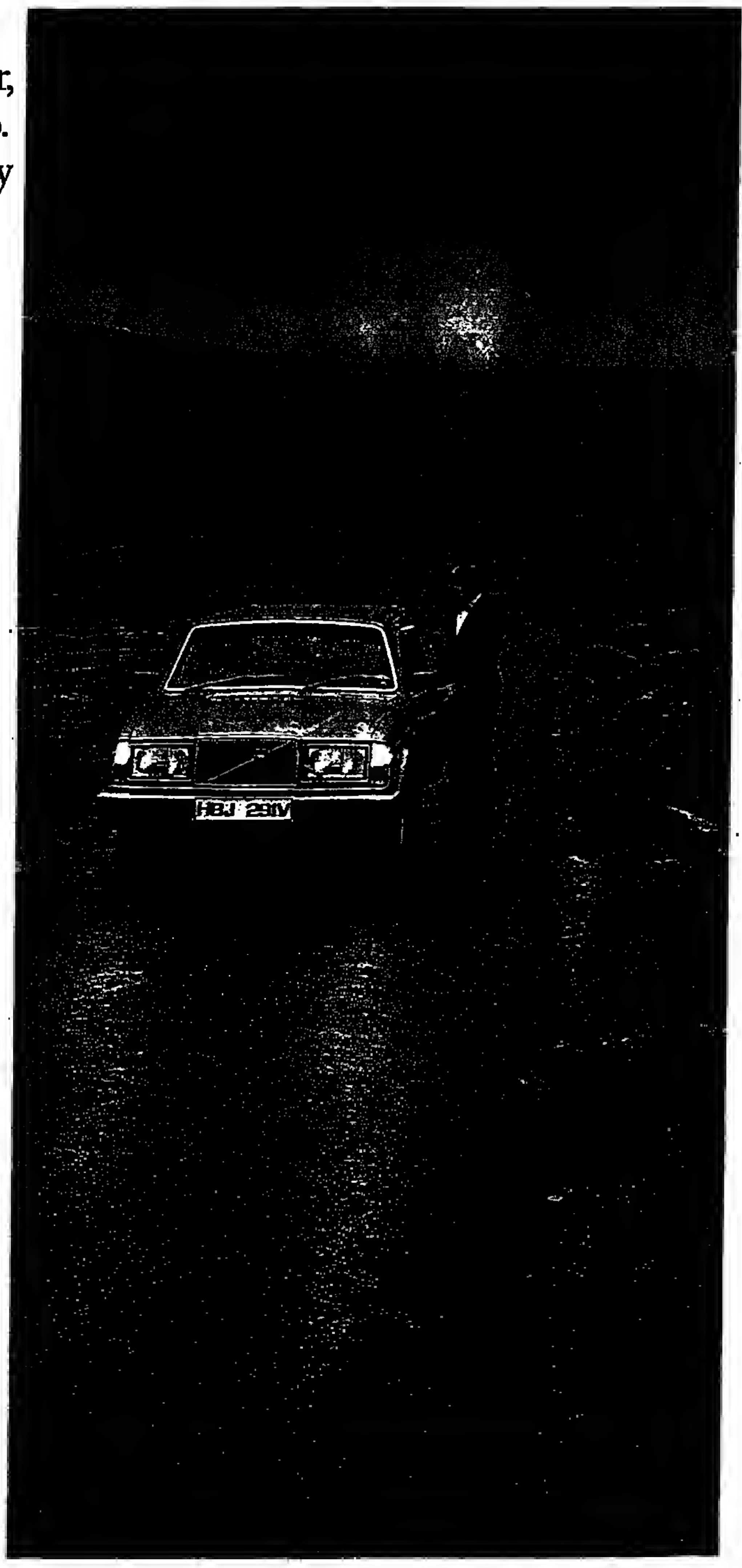
**"My car couldn't have chosen a more desolate spot to break down. I abandoned it with ill-disguised anger and started walking.**

**I had been going for maybe half an hour when a Volvo estate drew up beside me. Such is my dislike of the car, that had it not been raining I would have waved the driver on."**

Let me start by admitting to a certain amount of irrationality when it comes to cars.

I have always bought cars that are faster than they need be, more luxurious than they should be and more expensive than they've any right to be.

In short, when on four wheels, I am a confirmed seeker after pleasure.



In the opposite corner, I always imagined were Volvo. Austere, frugal and eminently sensible.

The kind of car your mother would say was good for you.

Judge then my feelings as the Volvo stopped beside me on that rain-soaked road.

The driver was not some elderly hill farmer but a man I would not have put much above thirty-five.

"Can I give you a lift?" he enquired as he held open the door. "I passed your car down the road–beautiful looking machine."

As I slipped into the passenger seat I noticed that I was sitting on real leather. (The first of many discoveries I was to make that evening.)

"Let me introduce myself, my name is James Durban." When on the defensive, I invariably hide behind formality.

My rescuer was more relaxed and told me that his name was Tony and that he had a house some twenty miles away.

"Have you driven far?" I asked.

"About 300 miles" he answered. "But it's very easy in the Volvo. The 265 is a very long-legged car."

"You must have spent a fortune on sound insulation" I said with an ear to the uncannily quiet performance of the engine.

"Not a bit. It's a 6-cylinder engine. 2·7 litres with fuel injection and a light alloy block. And as you can hear very quiet."

The conversation was taking a turn that displeased me. As he steered the car expertly through the narrow country roads I attempted to steer the conversation towards more general topics.

"What do you do?" I asked.

"I'm a writer and I deal in antiques. I've just bought the coffer you see in the back."

I turned round and noticed that the rear seats had been folded flat and that we were travelling with a beautiful oak chest at least 6 ft in length.

By now I was beginning to go through that most uncomfortable of human emotions – a change of mind. However, I wasn't about to give up without a struggle.

"Yes a jolly practical car the Volvo, but it's a bit short on the creature comforts don't you think?"

Looking back I'm surprised he didn't turf me out there and then. Instead, he simply defeated me with facts.

"Well," he began, "there are a few standard features you might appreciate. Like air-conditioning, electric windows, power steering, heated driver's seat…"

"How thoughtfully Nordic" I muttered gracelessly.

He continued with a light smile, "Metallic paint, electrically operated door mirrors, heated rear window, central locking."

I interrupted him. "Alright, point taken. And I suppose you still haven't come to things like a cigar lighter, electric clock and a light in the glove box?"

"Exactly" he replied. "The Volvo has all of those, not to mention stereo speakers in the front doors."

The rain had begun to ease and as my clothes dried out I recovered a little of my customary good humour.

"Well, it's certainly more comfortable than I thought, is it expensive?"

"With the automatic gearbox it runs out at £9,868."

When I thought of what I had paid for the piece of exotica languishing on the road some fifteen miles behind us, I was stung to one last justification.

"Of course, my car is much faster. I can reach 150 mph on a good dry road."

"It's not quite so fast in the wet though, is it?" He asked the question in the mildest voice possible. To my credit, after a moment's hesitation, I burst out laughing.

"Touché" I said and for the rest of a very enjoyable journey we talked about antiques. The Volvo 265.

PRICES FOR THE NEW 1980 VOLVO 6 CYLINDER START AT £8556 (DELIVERY AND NUMBER PLATES EXTRA). FOR THE 1980 EDITION OF 'VOLVO FACTS', WRITE TO: DEPT. FT18, VOLVO CONCESSIONAIRES LTD. LONDON W13 9JQ. SALES TEL: HIGH WYCOMBE (0494) 33444. SERVICE TEL: IPSWICH (0473) 72026. PARTS TEL: CRICK (0788) 823511.

JOBS COLUMN; APPOINTMENTS

# Home thoughts from abroad, and vice versa

BY MICHAEL DIXON

"CAN YOU tell me how to get hold of a full list of the reputable recruitment consultants?" asked a telephone caller yesterday, shoving another coin into the box to keep the pips at bay for a little looger. The call was somewhat unusual in being made hurriedly from a British airport. But the request. and its maker, were typical of a sizeable part of the Jobs Column's regular clientèle—people working abroad who are anxious to find a new job at bome.

The sort of help they need is, in my experience, particularly hard to supply.

The sad evidence is that the general employment markat caters even less well for demonstrably capable mapagers and specialists who want to repatriate themselves, than it provides for their unemployed counterparts at home.

In illustration I will quote some statistics lately sent to this columo by *the John* Courtis and Partners selection consultancy, which primarily show that fewer than five in every 100 unemployed managerial types remain out of work for more than a year.

Of the successful 95, fewer than 20 obtain their new job through a recruitment agency or consultancy. I am surprised that the fraction ia as high as that. The job of most employment middle-men is not to find posts for people, but people for posts, and so by no means all such consultancies maintain registers of the names, addresses and qualifications of aspiring job-cbangers. And even the consultancies whicb do so, appear to fill from their register no more than a minuscule proportion of the posts referred to them by employers.

Consequently, I would say that success in returning to managerial employment through a consultancy depends importantly on being in a position repeatedly and persuasively to remind the consultants of ooe's clear suitabillty for a large share of the jobs on the market. People working abroad are in general poorly placed to do that.

Of the successful 95, a further 15 "get hack" by way of newspapers and magazines—a fair number of them, I hope, with the aid of this column. But. as yesterday's telephone caller *said*, despite the *increasing international* circulation of the Finaocial Times, be and many like him do not see the "home" newspapers until well after their first publication. "It doesn't help," he added, "not to be ahle to strike uotil the iron is at best luke warm."

The best course for would-be repatriates seems therefore to he indicated by the remaining 60 of the successes noted in the statistics provided by John Courtis. The three score obtained their jobs by means of direct approaches to contacts in employing organisations or—as Mr. Courtis appropriately puts it—by using tbeir "personal busb telegrapb."

What are the most effective ways of developing and using a busb telegraph, is alas another of the multitudinous things tbe *Jobs Column does not know. But* it proposes to try to find out—in conjunction, as it happens, with an FT stablemate: tbe quarterly magazine *Resident Abroad.*

So, although another appeal is still current (that for the views of people experienced in their job on the abilities that joh really needs; and more advice would be welcome even though I already have enougb to pass on in a column soon), I would appreciate informatinn from readers who have already successfully repatriated themselves, on how best to do so.

## Kuwait or Italy

MEANWHILE, aince there will doubtless be readers inclined in the opposite direction, we shall turn to openings for people thinking abroad thougbts from hbme. Inquiries about the first two should be sent to John Williams of the Whitehead Technical Services consultancy (21 Wigmore Street, London W1H 9LA; telephone 01-580 0191, telex 27789). In neither case may be name the employer. and so be promises to abide by any applicant's request not to be *made known* to the company concerned until permission is given.

One of the posts is for a sales manager to be based in Kuwait with a trading company operat*ing mainly in the area of the* Arabian Gulf. The concern deals in equipment for the construction and automotive industries, for materials-handling. for use in oil fields. shipping *and general* eogineering. *and* also in supplies of building materials.

Tbe sales for wbich the newcomer will be responsible. along with two dozen experienced representatives. will principally iovolve heavy construction equipment.

Candidates should be sales engineers with at least 10 years successful experience in a *similar field. The age indicator* is 30-45. It does not matter whether applicants are single or have a family.

Salary for the post, offered on a two-year renewable contract, will he £16,000 to £18,000 tax free. Perks include furnished accommodation and free medical care.

Mr. Williams's other search is on hehalf of an international group in civil engineering and construction. This needs a senior systems engineer, based in Milan, to design and hring into reality what various clients need by way of continuous production processes for such manufactures as petrochemicals and steel, work-time recording systems, and suchlike.

Candidates here need to have an appropriate qualification equivalent to s degree, followed by *at least three years success* in designing and installing computer-based systems. They must not. however, be the autistic kind of engineer, hecause *much will depeod on* the *recruit's ability to get* on with the clieots.

Fluency in Italian or other major languages would help, but English alone is essential. There will he periods of travel to *other parts of the* world. Salary £12,000 to £14,000.

## Germany

NOW TO Stuttgart in Gerioany, which will he the base of a paragoo being sought by Michael Wood of the Search and Assessment Services consultancy, on behalf of the textile-machinery subsidiary of the Swedish-owned SKF group.

The recruit will he responsible to the subsidiary's new managing director for the whole of its research, development and engineering activities. There will be particular empbasis on generating new products and adapting the existing range to meet the changing needs of the market. The domain will include aome 60 staff, with seven departmental heads in immediate support.

Mr. Wood is looking for a rare combination of an engineer whose *creative talent* is guided by a sound *commercial* sense, and a strong but persuasive manager. Candidates must be qualified in either textile technology or mechanical or electrical engineering. They also *need to have* at *least three* years experience in the practical development of advanced textile machinery, and to have managed at a level sufficiently senior to provide them with *understanding* of marketing problems.

A candidate demonstrably able to take charge of the company's quality control as well, would have an advantage. Fluency in *German, or at least* the ahility and willingness to learn It fast, is another need. The age range is about 35-50. Nationality is of little importance.

Salary around DM 100,000 (about £24,750 at current exchange rates). Inquiries to Mr. Wood at 23 High Street, Banbury, Oxon OX16 8EG; telephone in working hours 0295 59885. at other times 0295 721420.

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The candidate should have a good educational background training in credit analysis, and several years practical experience with a commercial bank. A basic understanding of corporate and project finance would be an advantage. Familiarity with the Middle East would be desirable and the candidate should be able to work easily with a wide range of nationals and adapt to living and working in the Middle East. Candidates must be fluent in English and a knowledge of Arabic would be an asset.

*Our client is anxious to attract an individual of* outstanding character and competence, and in addition to the base salary offers free furnished housing, a car, and a generous range of fringe benefits.

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THE GAMBIA

# Assistant Managing Director

GAMBIA UTILITIES CORPORATION

The Corporation which was established in 1972 undertakes the supply and distribution of water, electricity and bottled gas and is currently consolidating and extending these supplies, the work being financed by loans from national and international lending agencies.

The Corporation retains Consultants to advise on and assist in the implementation of various aspects of the extension, operation and management of the utility services.

*The present requirement* is for the services of an Assistant Managing Director who will act as Managing Director whenever so delegated. He will be required to co-ordinate all aspects of short and long term planning, co-ordinate the work of consultants, evaluating their reports and implementing their recommendations as necessary and submit reports to the Managing Director and the Board of Directors. He will ensure the efficient and effective operation of the Corporation through the Financial Controller and the Managers of the Electricity and Water Divisions.

The successful candidate, who shall be fluent in English, will be a graduate having chartered engineer status or equivalent and 10-15 years experience in a public utility, preferably electrical, leading to a position of senior executive responsibility. A post-graduate management degree or equivalent will be an advantage as will experience in a developing country. The ability to work with and motivate employees at all levels is essential.

The initial appointment will be for a period of two years. The salary, which will be free of Gambian tax, and may be paid into any bank nominated by the successful applicant, will be negotiable according to experience. Benefits include free housing and provision of a car.

The successful candidate will be required to pass a medical examination.

Applications stating full relevant details, present salary, availability and salary required, should be addressed to:

**MERZ AND McLELLAN (Ref: LBK) Consulting Engineers, Amberley, Killingworth, Newcastle Upon Tyne NE12 0RS, England.**

Preliminary Interviews with selected applicants will be held in the UK, the final selection being by the Board of Directors following interview in Banjul.

The appointment is being financed under a credit from the International Development Association.

The latest date for receipt of applications will be one month from the date of publication of this advertisement.

MERZ AND McLELLAN
CONSULTING ENGINEERS

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# Manager-Management Accounting

*London* *c £12,000*

Burmah Oil Tankers Limited, part of the Burmah Group, operates a crude oil tanker fleat and a major oil trans-shipment terminal in the Bahamas. A Manager, Management Accounts is required to help establish a small financial unit which will be an integral part of the business management function. He or she will be part of a professional and highly motivated management team.

Reporting to the Finance Manager, the tasks will be primarily of an analytical, budgeting and financial forecasting nature. The activities could range from in-depth analysis of regular monthly financial performance to financial appraisals of all projects related to the varied activities of the company, including a careful consideration and analysis of loog-term financial and planning requirements.

Candidates must be either graduates aged 28 to 35 who are also qualified accountants or MBAs. At least five years' financial experience is required to include exposure in an analytical/budgeting type function, preferably in a shipping environment. They must be able to assimilate information quickly and accurately and to make rational judgements from their analyses. In addition, they must be articulate, persuasive and able to influence and motivate others.

Success in this role could lead to career advancement within the Burmah Group.

Initially located in the City, there are plans to move the office later this year to the Knightsbridge area.

Terms and conditions of employment are attractiva and include a negotiable salary, non-contributory pension and BUPA benefits.

Please send a full CV or ring or write for an application form to D G Freeston, Recruitment Manager, Burmah Oil Trading Limited, Burmah House, Pipers Way, Swindon, Wilts SN3 1RE. Telephone: 0793 47400.

Burmah

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# Group Financial Controller

LONDON AREA

*c.£15,000 negotiable, plus car and benefits*

We are conducting a search for a broad gauge, qualified accountant whose career has progressed to the level of Division Controller. Our client, whose products are marketed industrially and whose sales are over £60m. has created a new Group position which will embrace a relationship with Division Controllers through Divisional Managing Directors.

Candidates should have good financial controller's experience, high intelligence and excellent commercial awareness. They should be able to direct all financial activities of the Group. The Group Financial Controller will report to the Group Managing Director and Chairman.

*Curriculum Vitae, in confidence, to:*

*Paul H. Kiernan, Chairman*
KIERNAN & COMPANY (UK) LTD.
*Management Consultants*
*23 St. James's Square, London SW1A 1HE*

Kiernan & Company

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LONDON BOROUGH OF SOUTHWARK

## CHIEF FINANCIAL AUDITOR
Salary Circ £10,000 p.a.
Ref: FT/2/1238

## CHIEF MANAGEMENT AUDITOR
Salary Circ £10,000 p.a.
Ref: FT/2/1239

Two ambitious qualified accountants are required to manage the authority's audit service.

Total plaooed expenditure is estimated to exceed £200m for 1980/81, therefore providiog an excellent opportunity to make a valuable contribution towards the financial management of the authority.

Attributes sought will be a sound financial background with previous audit experience and an ability to motivate staff and commuolcate clearly and effectively on complex financial issues.

For further information and job description, please contact Mr. R. Coomber, Assistant Borough Treasurer, on 01-237 6677 or telephone 01-701 2879 any time for an application form, or write on a *postcard to:* The Personnel Officer, London Borough of Southwark. 27, Peckham Road, London SE5 8UB. Please quote appropriate reference number and job title. Closing date: 14.4.80.

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# Management Accountant

Central London c. £9,000

This is an interesting new position at Senior Level with one of Britain's leading publishing companies. The post calls for an enthusiastic, recently qualified accountant, looking to develop his/her career in a stimulating environment.

The person appointed, as part of a Divisional Finance Team, will be expected to make a significant contribution to the development of finance and management information systems, with specific responsibilities for appraising and reporting on the performance of UK and overseas subsidiaries.

The total remuneration package includes profit sharing bonus and relocation expenses where appropriate.

*Ref: G1582/FT*

*Replies will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA, and quote the reference on the envelope.*

**PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

*A member of PA International*

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# Export Credit Manager
**Uxbridge**

This is a key Head Office appointment involving the overall control of export accounts for a multi-million pound turnover organisation, with customers throughout Europe, Africa, and the Middle East. Armstrong manufacture a wide range of flooring, ceiling and insulation products for both home and overseas markets.

The successful applicant will be responsible for managing the investment of all export accounts receivable, maximising profitable sales and receivables turnover whilst minimising the losses due to non-collection. The Export Credit Manager works closely with the General Manager, Customer Financial Services, in making recommendations, analysing and administrating credit business utilising sound commercial information, liaison with associate companies and his or her experience of foreign economic conditions, laws and trade practice.

Candidates should have experience of shipping procedure, and documentation, credit management and export administration. A good standard of education is important with ideally a working knowledge of French and/or German and you should be prepared to study for ICM qualifications if not already qualified. Applicants must hold a current driving licence and be willing to travel.

The rewards package will include an attractive salary and all the benefits associated with a multi-national company.

For further information and an application form please write or telephone J. R. Turner, Personnel Manager, Armstrong Cork Company Limited, Armstrong House, Chequers Square, Uxbridge, Middlesex. Telephone: Uxbridge 51122.

Armstrong

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# FINANCIAL SERVICES
## Cost Analysis/Financial Management

**West Country** **to £12,000+car+bonuses**

Our client is an established leader in a major sector of the financial services market and since its flotation in 1976 has expanded, through its entrepreneurial and marketing skills, to an asset base exceeding £850m. The company wishes to formalise and give added impetus to the investigation of cost savings ideas by appointing a qualified accountant to set up and run an effective cost saving function. After 18 months successful performance on this project, it is intended that the candidate will take up a more senior appointment.

Candidates should be qualified accountants, aged 28-32, with a strong technical background in accounting for management and preferably with some experience of cost analysis or control in commerce or industry. Other essential requirements include management ability and the personality to identify with a highly competitive environment.

For further information and a personal history form please contact Ian Tomisson, 410 Strand, London WC2R 0NS, 01-836 9501, quoting reference no. 2812.

**DOUGLAS LLAMBIAS**

Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants.
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

DLA

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## CHIEF ACCOUNTANT

**South of England**

**Salary in the region of £10,000**

The Trustees of a substantial group of family trusts wish to appoint an able and experienced Chartered Accountant to be responsible for their overall accounting operations under the direction of the General Manager, who is himself a Chartered Accountant.

The Trusts assets include town and commercial property and agricultural land holdings.

The position will include supervision of the Accounts Departments dealing with the trading entities of the estates, maintenance of the requisite *financial controls* and *the preparation of financial* information for the Trustees, including accounts and budgets.

Applicants should be mature and used to working largely on their own initiative. The position, whilst London based, will involve regular and frequent travelling within the United Kingdom in relation to the various interests of the Group. A company car will be provided.

The successful applicant, who can look to a secure future with an expansionist minded group, will preferably live in the Home Counties, West of London.

Write with full details and experience to:

Mr. M. E. Hatch,
Safferys,
16, St. Martin's-Le-Grand,
London EC1A 4EP

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# ACCOUNT EXECUTIVES

The London subsidiary of a leading NYSE member firm requires two Account Executives, one with fluent Farsi. Both must be Registered Representatives — NYSE, with comprehensive knowledge of and experience, in all aspects of U.S. and Canadian securities markets, commodities and Eurobonds. Candidates should have at least 10 years' practical experience, or be university graduates with 4 or 5 years' practical experience. Salary c.£10,000-£15,000 p.a. with usual fringe benefits. Please write, in strictest confidence, enclosing curriculum vitae to Box A.7095, Financial Times, 10, Cannon Street, EC4P 4BY.

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Expanding firm of Manchester based Stockbrokers are seeking additional sales staff, with private clientele, to be based in either their Manchester or London office.

*Write Box A.7093, Financial Times, 10, Cannon Street, EC4P 4BY.*

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## EXPERIENCED BLUE BUTTON

required for medium to large firm of Stockbrokers. Aged 18-20

*Apply in writing to:*
Box No. 332, Streets Financial Ltd., 18 Red Lion Court, Fleet Street, London, EC4A 3HT.

# Property Investment

SCOTTISH WIDOWS FUND AND LIFE ASSURANCE SOCIETY

**Edinburgh** — **Over £10,000**

With funds under management of over £1,500 million, the Scottish Widows' Fund is widely regarded as a leading Life office. Property plays an important role in its investments and an appointment is to be made to strengthen further this department. The role is the identification and assessment of potential property investments in order to develop further the portfolio of commercial and industrial properties. This will involve the extension of contacts in the property world and could extend to property development. Candidates, male or female, aged 30—35, should be qualified to RICS or equivalent and must be able to demonstrate at least five years' experience of property investment work in one of the major partnerships or in a financial institution. The ability to take a broad view in assessing propositions will be looked for. An attractive salary will be negotiated to attract the calibre of candidate required together with a generous house mortgage scheme, non-contributory pension scheme and other benefits.

*(PA Personnel Services Ref: PF45/7280/FT)*

*Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.*

**PA Personnel Services**

Hobart House, 80 Hanover Street, Edinburgh EH2 1EL Telephone: 031-225 4481. Telex: 72556

PA

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# EXECUTIVES

**Over £10,000**

Today is a good day for making a fresh start.

If your present job lacks:—

* Interest
* Prospects
* Salary advancement

and you want:—

* A better salary
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Then don't wait any longer.

Telephone us now for a cost free assessment meeting and let Europe's most experienced job search organisation take a hand in your future — Call

Percy **COUTTS** & Co.

**01-839 2271**

140 Grand Buildings, Trafalgar Square, London WC2.

# SENIOR ACCOUNTANT-STOCKBROKER

**26-32** — **ACA** — **up to £10,000 +**

Our clients, a major firm of Stockbrokers, will shortly appoint a Senior Accountant whose responsibilities will include:

★ Balancing aod posting nf private ledger

★ Payment of salaries, profit sharing and commission

★ Preparation of quarterly and annual accounts, preparation of stock exchange returns, monthly and quarterly, preparation of VAT returns quarterly, maintenance of cash balances, deposits of surpluses.

*The ideal candidate* will be a Chartered Accountant, who should preferably have worked in the finance sector, ideally with another stockbroking firm. He/she will need to have absolute integrity, and qualities of discretion, to deal with a variety of complex financial and internal matters.

Career plan LIMITED

PERSONNEL CONSULTANTS

Please apply to: Jock Coutts
Career Plan Ltd., Chichester House
Chichester Rents, London WC2A 1EG
Tel: 01-242 5775

# Treasury Executive

**c.£10,000**

Due to internal promotion, the opportunity has arisen for you to develop your expertise within an International Petroleum Group.

This will not be your first responsible job and, although aged under 30, you will have already proved that you have the mental ability, judgement and stamina of a successful Treasury Executive with either a multinational corporation or an international bank. You will look forward to widening your foreign exchange dealing and money market expertise with one of the largest commercial participants in the London market in our Victoria based Treasury group. Your major responsibility will be day to day international cash management of Occidental's European and African activities, including the North Sea where Occidental is a major operator.

There are attractive international career prospects within Treasury and other areas of the Occidental Group.

Please send brief curriculum vitae (which will be treated in strict confidence) under reference "O.F.A.L." to: Martyn Hawkins, Occidental International Oil Inc., 16 Palace Street, London SW1E 5BQ.

OXY

# Divisional Financial Controller

(25-28: INDUSTRIAL BACKGROUND)

**to £12,000**

ENFIELD, MIDDLESEX

As a result of continuing expansion and as part of the overall strategic plan, a sub division of a highly successful international group is seeking a positive minded and organized Qualified Accountant.

The successful candidate will be expected to provide financial support & advice to local senior management colleagues and have the ability & confidence to participate in decision making with the General Manager.

Responsible for a stable support team, regular duties will include statutory & monthly management reporting, budgets & forecasts, W.I.P. valuations and the ongoing development of real time accounting & production control systems.

Career prospects are excellent and opportunities exist throughout the entire group.

# Young Business Minded ACA

(DIRECTOR MATERIAL)

**£11,000 - £12,500 + Bonus**

ISLEWORTH MIDDLESEX

A determined & ambitious Accountant with 2 years post qualifying experience is to be appointed by this international company which has sustained one of the most remarkable growth rates over the past 10 years, and continues to return record profits.

The role is demanding and requires the strength of personality to negotiate & influence at all levels within a multi-discipline environment.

The appointed candidate will have total responsibility for the production of annual budgets & plans, monthly rolling forecasts, capital expenditure & project appraisals, pricing, performance analysis, development of computer systems & financial models, whilst assisting the U.K. Controller in the installation of a new in-house computer.

Financial & career rewards are appreciable.

Interested candidates should apply in confidence to:—

*Sheldrick, Sedgwick & Goodyer*

93-94 Chancery Lane, London WC2A 1DT. 01-404 0612

*Senior accountancy & financial management selection*

# Financial Analyst

West London

for the rapidly growing, £50 million turnover operating company of a highly successful $8 billion U.S. Consumer Goods Group.

The post will include investigations, capital and revenue budgeting and control reporting and special studies especially in marketing and other commercial areas.

Candidates, male or female, should be aged up to 30 and have relevant experience, ideally in F.M.C.G. and be M.B.A.'s or Qualified Accountants. This is an opportunity to join a leading Group where international career prospects are outstanding.

Salary will be £8,500 plus car with good fringe benefits.

Please telephone for an application form or write in complete confidence to Mike Hann, who is advising on this appointment, quoting reference 1118.

Odgers — MANAGEMENT CONSULTANTS
*Odgers and Co Ltd, One Old Bond St, London W1X 3TD 01-499 8811*

# COMMODITY BROKERS/ FINANCIAL BROKERS

Isn't it about time you found out what you are worth and the opportunities that are available to you. We will test the market for you without disclosing your name, and with no cost to you.

Ring
CHANDOS CONSULTANTS
01-488 9373

# Financial Controller

*up to £15,000+car*

Kelly Girl Service Ltd, the rapidly expanding UK subsidiary of Kelly Services Inc, one of the world's largest suppliers of temporary help, wish to recruit a Financial Controller who will be located at the company's UK head office at Kingston upon Thames.

The Financial Controller will report to the Group Director—European Operations and be responsible for all aspects of the finance and accounting functions for the company. Special emphasis will be placed on improving the quality of management information, and in particular to ensure that financial resources are properly planned and controlled.

Suitable candidates will be qualified accountants, with a record of achievement in senior financial management, preferably in an expanding environment. They should offer practical experience of planning and budgetary control, and the design and implementation of modern financial procedures.

The position provides a challenging opportunity for career development. The commencing salary will be negotiated at up to £15,000 pa and a company car will be provided.

Candidates, male or female, can make application by quoting reference MCS/2088 and requesting a personal history form from Michael R. Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

An important French company specialized in selling industrial heavy equipment, tools and machinery in Nigeria (Lagos and in eight other states) is looking for

# POTENTIAL GENERAL MANAGER

able to be responsible for its operation

**IN NIGERIA**

He will, from the start, promote the commercial policy and supervise the branch Managers as well as the Product Group Managers.

Experience in AFRICA required, preferably in English speaking countries.

Should be at least 35 years old.
Bilingual French—English.

Residence LAGOS.

Send handwritten application with résumé quoting reference E.13.846.

cabinet leconte 4, rue Amiral Courbet 75116 PARIS

# Accounting Manager — London

## Procurement

Our clients are a very large group operating internationally in the shipping, construction and oil industries. With a view to further vertical integration of services to member companies, a powerful procurement and delivery organisation has been established in London.

An interesting new position has been created for an Accountant, who, initially with a small staff, will be required to devise and install systems for the control of purchase and delivery of plant, equipment and materials on the world market for major projects of international significance.

Reporting to a Senior Manager in London, the man or woman appointed will probably be a qualified Accountant aged 30 to 45. Essential experience required includes several years in the engineering, construction or manufacturing industry. Some overseas travel occasionally may be necessary.

Applications are invited from men and women, who should write in confidence or telephone (24 hour answering service) to Charles Rich for a personal history form quoting reference R/241/7.

**The P-E Consulting Group** Appointments Division — PE
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948

# FOREIGN EXCHANGE DEALER

A career opportunity exists within a recently established London Branch of an expanding mid-American Bank for an experienced Foreign Exchange Dealer. Applicants in the age group 25/35 should have a minimum of 3 years' dealing experience in FX/Deposits including Arbitrage. Salary negotiable.

*Apply in confidence to:*
Miss B. E. North, Administrative Assistant
FIRST NATIONAL BANK IN ST. LOUIS
62/63 Queen Street, London EC4R 1AD
Tel: 01-236 9571

# ap Senior Appointments

## ACCOUNTANT

**North West London** — **£10,000** — **+ Car**

Small, friendly and rapidly expanding company trading in major parts and accessories offers an ideal opportunity to join highly successful management team to be responsible for running the entire accounting function with the assistance of three staff in a computerised environment. Company secretarial duties will add to the interest of this appointment. Candidates will be 25-40, qualified with sound commercial experience. Ref: 752.

***Reply in confidence to Ian Crichton.***

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
41 London Wall, London EC2M 5TB - 01-588 5105

# HAMPSHIRE

## INVESTMENT ANALYST

**£6,447-£7,125 p.a. (comparability award pending)**

The County Council's pension fund is currently valued at £110m and is growing at a rate of more than £10m per annum.

A keen and enthusiastic investment analyst is required to assist in the in-house management of investments. Candidates should possess a good class degree and/or professional qualification. Relevant experience, particularly within an institutional or stockbroker's investment department would be a distinct advantage.

**For job description, outline of conditions of service and application form, write to Departmental Personnel Officer, County Treasurer's Department, Hampshire County Council, The Castle, Winchester, or telephone Winchester 4411 extension 457 or 346. Completed application must be returned by 2nd April, 1980.**

# Accountants

*Management Consultancy*

*Birmingham*

*Up to £13,000*

**WE ARE:**
One of the leading firms of management consultants in the country providing services to a wide range of clients both in industry and the public sector.

**WE WANT:**
Ambitious and imaginative accountants who can rapidly make an effective contribution to the continuing expansion of our consultancy practice in Birmingham.

**YOU ARE:**
A qualified accountant aged around 30 with a good university degree and a successful track record in industry or commerce.

**YOU WANT:**
The chance to broaden your experience and to put your own ideas into practice by providing effective solutions to a variety of business problems.

**IF . . .**
We are what you want and you are what we want, find out more about us. Send a brief c.v to Nigel Scott or ring him on 021-236 9898 during office hours for an informal discussion.

**Deloitte Haskins+Sells**
Management Consultants
Edmund House, 12-22 Newhall Street, Birmingham B3 3DX

An international group, including a Merchant Bank with substantial interests in West Africa, wishes to appoint a:-

# General Manager

This is a new appointment brought about by the building and launching of 2 new biscuit factories at Ibadan and Port Harcourt (assets £25M). It presents an unusual career opportunity for an ambitious, thoroughly professional M/D who has had overseas experience ideally in a developing country. A sound knowledge of marketing, financial management and food distribution is of importance.

Our client is looking for a manager who holds a good degree and who has the energy and tact to lead a team of various nationalities. It is a demanding appointment with Main Board potential. The position is well rewarded to suit personal circumstances and covers all accommodation, domestic staff, car, 6 weeks leave, plus schooling and usual overseas fringe benefits—together with the opportunity to build up some personal savings.

**Ibadan/Port Harcourt Age 30-45 Salary circa £20,000 after tax**

Our Client wishes to make an early appointment. Applicants should therefore apply as soon as possible *quoting* BS. *Interviews will be held in* London, early in April.

I *Robin R. Whalley*
A **INTERNATIONAL APPOINTMENTS (LONDON) LTD**
L *(Executive Recruitment Consultants)* *Cable: Interappt, London SW1*
*Greener House, 66/68 Haymarket, London SW1Y 4RH Telephone: 01-839 1602/4, 01-839 2831*

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# Director Overseas Operations

## *South Wales base* *up to £20,000*

**Aluminium Wire and Cable Company Limited**, a leading U.K. supplier of aluminium wire and cable, wish to appoint a director to take charge of a newly created Division which will handle the overseas marketing and sales of their conductor, wire, cable and accessory products and electrical contracting business. This appointment is being made at the highest level reporting direct to *the Managing Director* and *carries complete* responsibility for identifying and evaluating markets throughout the world except U.K. and Western Europe, for preparing appropriate strategies and plans for these markets and for achieving the planned sales and contribution budgets.

The successful applicant will have several years' experience of overseas Industrial Sales Management and top-level negotiating for annual sales of at least £10 million and must be prepared to spend six months per year overseas. Experience in electrical capital goods markets and contracting, and familiarity with Spanish and Arabic commercial culture would be advantages. The remuneration package offered is in the range of £18,000—£20,000 and fringe benefits are those associated with a top-level appointment in a large group. The successful candidate will be based in South Wales.

*Please write, stating age, current salary and how you meet with our client's requirements, quoting reference DO/4077/FT on both letter and envelope. Men and women are invited to apply. No information will be disclosed to our client without permission.*

**Urwick, Orr & Partners Limited** *Baylis House, Stoke Poges Lane, Slough SL1 3PF*
*Management and Selection Consultants*

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# INTERNATIONAL BANKING

## A leading Swiss Bank requires an experienced all-rounder for its UK organisation

The Bank seeks to expand its business development and loans supervision group, which covers various interesting and challenging fields of financing, ranging from corporate lending through trade financing to syndicated loans.

The ideal candidate would have at least five years' experience in a top quality financial institution, together with some knowledge of German, French or Spanish, although linguistic ability is not vital.

The applicant's manner and personality should be commensurate with the Bank's prestige and its calibre of customer.

The remuneration, including fringe benefits, is negotiable and will be in line with the experience and qualifications offered by the applicant.

Please reply, in strictest confidence, enclosing C.V., to Box No. 331, Streets Financial Limited, 18 Red Lion Court, Fleet Street, London EC4A 3HT.

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**Expanding International Trading Company**

# FINANCIAL CONTROLLER (U.K.)

**West Midlands c. £10,000 + car**

**The Company:** Rapidly expanding, very substantial and, a world leader in specialist retailing, with pole positions in U.S. rankings for growth, profitability and return on capital plus, an unequalled record of rewards for successful management. An opportunity now exists to appoint a Financial Controller, to head the financial management of its U.K. operations, whose growth rate is above average for the group.

**The Job:** A member of the senior management of the Company in the U.K., with additional reporting responsibility to the U.S. based Parent Company. Responsibilities will include Managament and Financial Accounting plus, management of Finances and other Treasury duties in the U.K. The data processing function should be absorbed within a year.

**Qualifications:** Candidates should be qualified accountants with five years post-qualifying experience including three in industrial or commercial management. Age is not a limiting factor but, the career record must demonstrate the ability to create and improve control of financial functions. University Degree and, experience in multi-national companies generally and retailers in particular, would each be an added advantage although, secondary to the basic qualities, ambitions and abilities necessary for the task..

**Salary and Benefits:** Negotiable, according to experience but, the total emoluments should exceed £10.000 in the first year. A car will be provided.

This is an outstanding opportunity for a first-class Financial executive to advnace his/her career by applying his/her ability in a growth situation.

**Applications:** Enclosing a brief c.v. to Box A.7096, Financial Times, 10, Cannon Street, EC4P 4BY. For the attention of Alastair J. MacGillivray, F.C.A.

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**The P-E Consulting Group**
Park House, Egham, Surrey TW20 0HW Tel: Egham 34411 PE

# Chief Accountant

## Management Consultants Surrey

P-E is a long-established and successful international management consultancy. We are seeking an experienced chartered accountant for the post of Chief Accountant, reporting to the Managing Director and based at our group headquarters at Egham.

The successful candidate will have experience of controlling the financial and management accounting functions, preferably in a service company environment. An out-going personality and the ability to relate to staff at all levels are other important qualities.

An attractive remuneration package will be negotiated, reflecting both the importance of the position and the past achievements of the candidate appointed.

**Applications are invited from men and women who should write in complete confidence to our Managing Director, Len Weaver quoting reference AO1/7.**

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# JOB OPPORTUNITY IN SAUDI ARABIA

JOB OPPORTUNITY IN SAUDI ARABIA FOR SPECIALISTS AND ADVISORS IN THE FOLLOWING FIELDS:

LAW, FINANCE, ADMINISTRATION, ENGINEERING, PUBLIC HEALTH AND HOSPITAL ADMINISTRATION.

MINIMUM QUALIFICATIONS REQUIRED:

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KNOWLEDGE OF ARABIC PREFERED.

SALARY RANGE OF **40,000 TO 60,000 DOLLARS** YEARLY.

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NO TAXES ON PERSONAL INCOME IN SAUDI ARABIA.

INTERESTED SEND RESUME TO

P.O.BOX 6818, RIYADH, SAUDI ARABIA.

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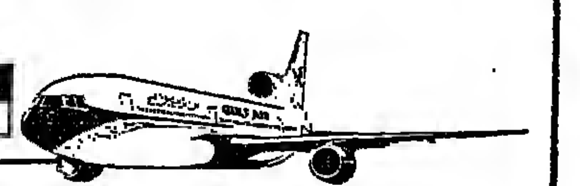
# Controller of Economic Evaluation

## Bahrain Tax Free Salary

Gulf Air, the prestigious national airline of the Gulf States, has a rewarding opening for a qualified Accountant or Economist to work on route cost and revenue analysis by developing an efficent computerised model to answer questions arising from changes in pricing, cost, schedules and frequencies. The successful candidate will provide economic assessment for capital projects and policy proposals and will also be involved in the development of principles and systems for route evaluation. We seek an Economist, qualified to degree standard, or a qualified Accountant with an ACMA. Candidates should have at least three years' experience of airline cost accounting, economic analysis or planning, and experience of computerised models would be an advantage.

We offer a generous tax free salary plus the excellent range of overseas benefits to be expected of a successful international airline.

Write giving full career and personal details to The Personnel Officer, Gulf Air, Room 252, Excelsior Hotel, Bath Road, West Drayton, Middx.



GULF AIR

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# INTERNAL AUDIT

**Age 24-28 To £10,000**

Three major City-based international banks currently seek ambitious Auditors with previous banking experience. The requirement in each case is for a professionaly qualified Banker or Accountant, with a minimum of three years' practical experience. on bank audit work. A knowledge of European languages would be advantageous in two cases, as these positions involve some travel to other branches abroad.

All these appointments offer excellent prospects for future career progression and, in addition to the basic salary, a wide range of fringe benefits is available in each case.

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**LOMBARD** BY ANTHONY HARRIS

# PSBR: Snark or Boojum?

THERE IS a new form of nonsense abroad in the City—or rather a very old form. The latest fashion, among those who like to question whatever the conventional wisdom of the moment may be (and in itself this is an excellent habit) is to ask how anyone can possibly be sure that bringing down the PSBR will bring down the rate of interest. I have met it among econometricians, who can't get an equation to fit, in newspapers and at lunches round the City: and now Hoare Govett has stated the new doctrine in words of fire.

## Cranks only

"Most people have now retreated from the idea that the PSBR has any(!) effect in controlling real activity, but they cling to the illusion that it has some impact on inflation and interest rates. Why this should be so, when it runs in the face of both logic and empirical evidence, is not clear."

From which you might think that in HG's opinion the PSBR is just a number, like the dimensions of the Sacred Pyramid, of no interest to anyone but cranks. And that is precisely what they do mean, for a little further on we read:

"In a perfect world we can suppose that the authorities would set the level of public spending and would define the monetary environment that was required, but would relegate the decision on whether to finance the spending to the realms of micro-economic analysis and administrative convenience."

So *micro-economists* and civil servants can join the cranks.

Now this kind of thing is not only nonsense, but dangerous nonsense, and it is infecting all kinds of unexpected people, including some High Monetarists. If only, the argument seems to go, we could inspire real belief in long-term targets, or had more foolproof methods of monetary control, or whatever the favourite panacea is, we could borrow without limit, and it wouldn't make any difference at *all*—except perhaps to a micro-economist.

You can see what a siren song this is. We can use all the North Sea revenue to abolish income tax—or come to think of it, we could abolish income tax without even waiting for North Sea revenue. How silly we were not to notice before.

This satire on the notion may seem a little heavy-handed, but pursuing an argument to its logical conclusion is usually a good way of testing it. The fact is, unfortunately, that financing the PSBR is a problem, which can only be solved at a price, and it is not going softly and silently to fade away, Lewis Carroll fashion. This Snark quite obstinately is not a Boojum. Indeed, the extraordinary thing is that such an inherently absurd idea should have got around.

Then there is what I would call the Old Treasury argument, *which* has not been heard in Great George Street for very many years. This asserts that since the Government creates the money it needed to borrow back by the act of overspending, financing it cannot by definition be a problem. If the Government borrows less, someone else will need to borrow more. Of course, if you think in terms of a very simple economy with closed frontiers, in which output responds smoothly to changes in demand, and where there are only two kinds of asset—money and bonds—you can support such conclusions logically. If getting a little nearer to the real world is micro-*economics*, then long *live* micro-economics.

Finally, there is the absence of good equations. George Nathaniel, Viscount Curzon, was once *accused of claiming* that "what I don't know isn't knowledge," but there is surely no serious economist who believes that anything which he cannot explain *cannot exist*. In this particular case, if a reliable equation for forecasting interest rates existed, it would no doubt be kept under armed guard while its discoverer got rich.

In any case, the arguments for cutting the PSBR do not rely on any simple relationships. The PSBR is a very bad measure itself, and there are many different ways of cutting it, with different effects. Those effects will depend not only on the method, but on the rate of inflation, the monetary policy regime at the time (and monetary policy itself is very hard to measure—perhaps DCE is better), and many other factors. There is enough statistical noise here to defy forecasting, but not enough to prevent reasonable discussion. We will resume the Hunting of the Snark shortly.

# Swell of action over toxins in U.S.

THE DANGERS of dioxin, a poison appearing in some weedkillers marketed in the UK (and marked as containing 245T) were raised in Parliament last week, and highlighted in the programme "Horizon" on BBC 2 on Monday. While the content of dioxin in weedkillers on the UK market should not be more than one part in 10m, 450 times as much was contained in the "Agent Orange" used by the U.S. in Vietnam to defoliate the jungles in Vietnam.

It is now alleged that American soldiers, as well as Vietnamese, developed cancer because of exposure to dioxin, and in the UK the Union of Agricultural Workers (UAW) prepared a dossier on health damage suspected to be caused by weedkillers containing 245T, the use of which has now been suspended in the U.S. The British chemical industry points out that the symptoms listed in the UAW dossier do not include chloracne, typical for dioxin.

So much for the background to the giant law suit now facing the Dow Chemical Company, one of the main manufacturers of Agent Orange. Ex-servicemen cannot sue the Government, and therefore claim that Dow (accused of not having warned sufficiently of the dangers) should set up a multi-million trust fund for victims. There were 3m American soldiers in Vietnam, and even the number of possible plaintiffs is difficult to guess.

A federal judge has said that *all the claims* can be consolidated in one action, and an association, Agent Orange Victims International, has been formed to seek out plaintiffs. The claims will not be restricted to American soldiers: the association is also prepared to represent Australian and Vietnamese victims.

The effect of Agent Orange is not limited to those actually exposed. Children have been born with deformities similar to those caused by thalidomide, and some authorities even fear irreversible genetic harm. Although soldiers cannot sue the military authorities, the mothers of these deformed children, and the children themselves, can be expected to seek redress from the Government. Moreover, to cover itself, the Dow Chemical Company has already sued the U.S. Government, alleging misuse of the product.

Another recent swell in the tidal wave of lawsuits threatening to swamp the U.S. legal system because of the damage resulting from the use of toxic substances was caused by fear that Diethylstilbestrol (DES) may have been the cause of cancer of genital organs in daughters of mothers taking the drug during pregnancy. It used to be prescribed to prevent spontaneous abortion; but since 1971 it has not been prescribed to pregnant women. In the UK stilbestrol is sold as Tampovagane, a drug prescribed for the treatment of vaginitis.

However, parents of deformed children, where the mother took the drug in pregnancy, may jump to the conclusion that the drug was the cause. In Florida, the parents of a deformed child are suing a drug manufacturer for $10m*. The U.S. pharmaceutical industry is now open to

### BUSINESS AND THE COURTS

BY DERRICK OWLES AND A. H. HERMANN, LEGAL CORRESPONDENT

claims from all over the world, but the claimants have a legal difficulty if the drug, like DES, was taken many years ago when it was manufactured by hundreds of different companies. So far the courts have only recognised product liability if the product which caused the harm could be traced back to the manufacturer who is sued, and this is difficult in a situation for which DES is typical.

Resourceful U.S. lawyers rely on a 1948 decision** and hope that the court will derive from it a useful analogy leading to a collective liability of all possible *suppliers* of the harmful drug. That decision concerns a bystander who was hit when two hunters fired their guns simultaneously. He was injured but could not prove which gun fired the shot that caused his injury. The court said that both hunters were wrongdoers and had together brought about a situation in which the plaintiff was injured. Each should absolve himself from blame if he could. One or other of the defendants was responsible, and the plaintiff could not be asked to pin the responsibility on one only.

However, there is an important difference between the case of the two hunters and the DES claims. Both hunters were before the court, and no third party was suspected. By contrast, it will be difficult to sue the hundreds of companies who produced DES at the critical time. The comments offered in the second edition of the *Restatement of Torts*, by the American Law Institute, suggest that some modification of the "two hunters" rule may be necessary when one of the possible responsible parties cannot be joined as a party in the action.

If the proposed extension is *accepted by the courts* then a manufacturer of DES—or any other producer of medicines in a similar situation—will have to prove that it was not his product that was taken by *the* plaintiff's mother.

However the identity of the proper defendant is not the only difficulty faced by plaintiffs in toxic substance claims. Statutes of limitation that prevent a suit after a certain time has elapsed vary from one year to six years; but whatever the period is for any particular case it will almost certainly have elapsed before the long-term effects of a drug—or of an industrial material, like asbestos—appear.

The only hope for the plaintiff is that the starting date is not the date on which the drug is taken, but the date on which the harm is manifested. This would be the rule in England and in the U.S. Some courts do, in fact, accept it as the "discovery rule."

According to at least one decision† the limitation period starts to run when the plaintiff discovers, or should have discovered, the connection between his *injury* and the product.

But not all courts are prepared to be liberal, and in New York State, for example, it has been held†† that the limitation period starts when the drug was taken, or when the plaintiff was exposed to the harmful substance. Under such a rule, a claim may be barred even before the fact of injury becomes known.

The climate of opinion is favourable to a more liberal interpretation of the law, and may have in time its effect on the judges unless the liability of the manufacturer is limited by legislation. Some state legislatures have imposed an absolute limit on claims arising out of defective products, such as, for example, that no claim may be brought more than 10 years after the product was first put onto the market.

The Model Law prepared by the U.S. Department of Commerce does *not* go so far, and speaks of a product's "useful life." But no state as yet has adopted the Model Law, and, for the foreseeable future, *claimants of compensation* will be better off in one U.S. state than in another. The choice of the right state and court where to sue remains, therefore, one *of the basic skills required* for product liability actions.

* *Mekdeci v Richardson Merrell, Florida February, 1980;* ** *Summers v Tice, 199 P2d 1, 1948.*

† *Wigginton v McDonald 133 111 App 2d 779;* †† *Thornton v Roosevelt Hospital, New York Court of Appeals, May 10, 1979 (affirming 59 AD2d 680).*

*Professor Owles is a visiting fellow in American business law at the City University Business School.*

# Rose Charter for Doncaster win

### RACING

BY DOMINIC WIGAN

IF THE WINTRY weather does not prevent the start of the 1980 flat season one of the most popular results at the Doncaster curtain-raiser would be a victory for Walter Osborne in the one-mile Intake Handicap.

This Mick Easterby-trained three-year-old is to be ridden by Jock Skilling, who at the age of 42, returns to race riding, following a short spell as a trainer.

Skilling, who turned out 11 winners in his two seasons as a trainer, seems likely to have a good ride on the Robert Sangster-owned Walter Osborne. The chestnut colt by Welsh Pageant is out of the Raise A Native mare, Island Princess. Walter Osborne produced his best form this time a year ago, winning a maiden race at Phoenix Park by three lengths before reaching a place in the Curragh's Marble Hill Stakes.

Walter Osborne is taken to score at the expense of Aswad, trained by John Dunlop, who would prefer faster conditions.

Ninety minutes before Walter Osborne takes the field, Rose Charter strikes me as the best bet of the day in the Yorkshire Bottle Handicap. This grey colt by Runnymede produced his best form last term on his seventh and final appearance, when beating Renovate narrowly at Leicester. Rose Charter looks to have a bright chance off bottom weight of 7 st 7 lb and can confirm his Leicester placings with Renovate.

Many people will be sad to have learnt of the death of that prominent member of the Jockey Club, Lord Halifax.

He undoubtedly enjoyed his finest moment on the course when Shirley Heights, owned jointly by himself and his son, Lord Irwin, got up close home to snatch the Derby. Several major offers from the U.S. were turned down by Lord Halifax and his son, who wished to keep Shirley Heights in England. The stallion now stands at the Queen's Sandringham stud near King's Lynn.

**DONCASTER**

2.00—Optimate
2.35—Norfolk Flight**
3.05—Rose Charter***
3.35—Concert Hall
4.05—Panto Island
4.35—Walter Osborne*

## TV Radio

† Indicates programme in black and white

### BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Heads and Tails. 2.00 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Bojan. 4.25 Jackanory. 4.40 Star Turn. 5.05 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Tomorrow's World
7.20 Top of the Pops.
7.55 Lennie and Jerry.
8.30 James Burke.
9.00 News.
9.25 Play for Today.
10.45 Question Time.
11.40 News Headlines.
11.42 The Sky at Night.
12.07 am Weather / Regional News.

All Regions as BBC1 except as follows:

Wales—2.15-2.35 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 10.45 Glas y Dorlan. 11.15 The Sky at Night. 11.40 pm News and Weather for Wales.

Scotland—10.10-10.30 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.45 Current Account. 11.20 *Hollywood's Wild Angel.* 12.10 am News and Weather for Scotland.

Northern Ireland—11.30-11.50 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.20 Sportsweek in Northern Ireland. 12.07 am Weatherman. 12.09 Tomorrow's World. 12.34 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

### BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC 1 3.55 pm).
4.50 pm Open University.
6.55 The Getaways.
7.25 Mid-Evening News.
7.35 Newsweek.
8.10 In the Making.
8.30 Public School.
9.00 Peter Skellern sings Rhythm on 2.
9.30 Man Alive (Missing Hero of World War II: Raoul Wallenberg).
10.20 The 15th Cambridge Folk Festival.
10.45 Newsnight.
11.30 Work and Leisure.
11.55 Closedown, reading.

### LONDON

9.30 am Schools Programmes. †10.46 Bertrand Russell Speaks His Mind. 11.05 Schools continued. 12.00 Toppers Tales. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.25 Racing from Doncaster. 3.45 How's Your Father. †4.15 Children's Matinee: Will Hay in "Where There's a Will."
5.45 News.
6.00 Thames News
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 The Jim Davidson Show.
8.00 Armchair Thriller.
8.30 TV Eye.
9.00 News.
9.30 The British Academy Awards.
11.30 Thames Report (Theatres: Time to Act?).
12.00 What the Papers Say.
12.15 am Close: Personal choice with Leslie Crowther.

All IBA Regions as London except at the following times:

### ANGLIA

1.25 pm Anglia News. 3.45 Looks Familiar. 4.15 The Bubblies. 4.25 Rocket Robin Hood. 4.45 The Next Week Show. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Survival. 11.30 Doctors' Private Lives. 12.25 am Themes.

### ATV

12.30 pm Gardening Today. 1.20 ATV Newsdesk. 3.45 Looks Familiar. 4.15 Salvage-1. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 ATV Newsdesk. 11.35 Lou Grant.

### BORDER

1.20 pm Border News. 3.45 Looks Familiar. 4.15 Thursday Matinee: "The Daughters of Joshua Cabe Return." 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 11.30 Soap. 12.00 Border News Summary.

### CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 3.45 Looks Familiar. 4.18 Little House on the Prairie. 5.15 Emmerdale Farm. 6.00 Report at Six. 7.00 Target the Impossible. 11.32 Channel Late News. 11.35 Untamed World. 11.55 Soap. 12.20 am News and weather in French.

### GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 3.45 Looks Familiar. 4.15 Little House on the Prairie. 5.10 Mork and Mindy. 5.40 Police News. 6.00 North Tonight and Area Weather forecast. 7.00 The Electric Theatre Show. 11.30 Luke's Kingdom. 12.30 am Reflections. 12.35 North Headlines.

### GRANADA

1.20 pm Granada Reports. 3.45 The Amazing World of Kreskin. 4.10 The Undersea Adventures of Captain Nemo. 4.15 Salvage 1. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Mork and Mindy. 11.30 What The Papers Say. 11.50 Snooker Classic Final.

### HTV

1.20 pm Report West Headlines. 3.45 *Looks Familiar. 4.15 Spiderman. 4.45* *Wyatt's Place.* 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 7.00 Emmerdale Farm. 11.30 Luke's Kingdom.

HTV Cymru/Wales—As HTV West/HTV General Service except: 3.52-1.07 am Am Gymru. 10.48-11.08 Mwy Neu Lai. 12.0-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.45 Sai. 5.15-5.20 Cartoontime. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena.

### SCOTTISH

1.20 pm News and Road and Weather. 3.45 Looks Familiar. 4.15 Cartoon. 4.20 World Figure Skating Championships. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 7.00 Take The High Road. 11.30 Late Call. 11.35 Mannix.

### SOUTHERN

1.20 pm Southern News and weather. 3.45 Looks Familiar. 4.15 Project UFO. 5.10 Cartoon Time. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 11.30 People Rule! 12.00 Southern News Extra. 12.05 am What The Papers Say.

### TYNE TEES

8.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 4.15 The Lost Islands. 4.45 You Can Make It. 5.15 *Wilkie in Winter.* 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 11.30 North East News Headlines. 11.35 Soap. 12.00 Superstar Profile. 12.30 am Epilogue.

### ULSTER

1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 9.29 Ulster Weather. 11.30 Family. 12.25 am Bedtime.

### WESTWARD

1.20 pm Westward News Headlines. 3.45 Looks Familiar. 4.15 Gus Honeybun's Birthdays. 4.18 Little House on the Prairie. 5.15 Emmerdale Farm. 6.00 Westward Diary. 7.00 Preview West. 11.32 Westward Late News. 11.35 Politics West. 11.55 Soap. 12.20 am Faith for Life. 12.25 West Country Weather and Shipping Forecast.

### YORKSHIRE

1.20 pm Calendar News. 3.45 Looks Familiar. 4.15 Fanglace. 4.45 Salvage-1. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Luke's Kingdom.

### Radio Wavelengths

| | | | | |
|---|---|---|---|---|
| 1 | 1053kHz/285m 1089kHz/275m | 3 | 200kHz/1500m & 92.95vhf | BBC Radio London: 1458kHz 206m & 94.9vhf |
| 2 | 693kHz/433m 909kHz/330m & 88-91vhf stereo | 4 | 1215kHz/247m & 90-92.5vhf stereo | Capital Radio: 1548kHz, 194m & 95.8vhf |
| | | | | London Broadcasting: 1151kHz, 261m & 97.3vhf |

### RADIO 1

(S) Stereophonic broadcast

### RADIO 2

### RADIO 3

### RADIO 4

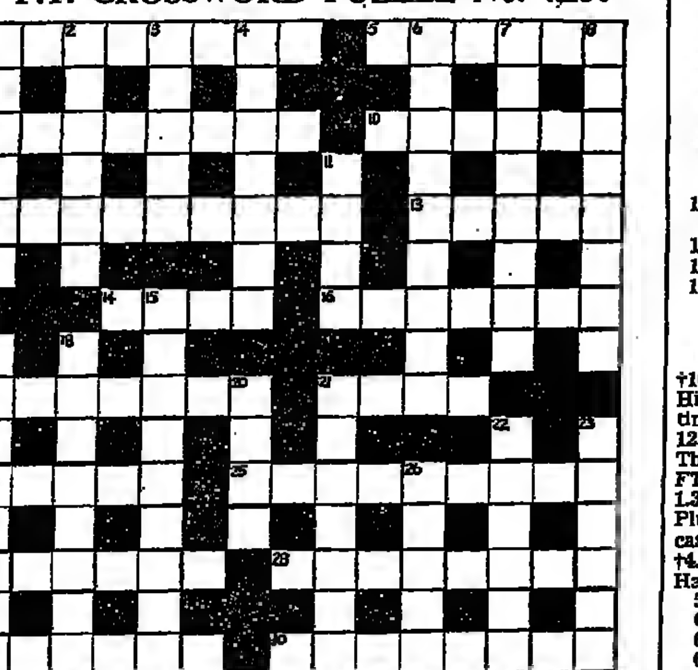
World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.16 Afternoon Theatre (S). 4.16 Any Answers? 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Brain of Britain 1980 (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse (S). 7.30 English Chamber Orchestra concert, part 1: Bach (S). 8.10 Geoffrey Mourhouse Revisits ... East

### BBC Radio London

### London Broadcasting

### Capital Radio

## F.T. CROSSWORD PUZZLE No. 4,230



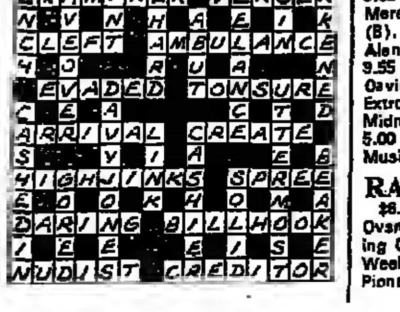
**ACROSS**

1 Wave about plate of roughage (8)
5 Drink after another hunter (6)
9 Salesman has fish to blame (8)
10 One in factory easily influenced (6)
12 Notice call for attractiveness (3,6)
13 Western scoundrel essential to industrial revolution (5)
14 Deal with clerical vestment (4)
16 Docks specific items (7)
19 A bar academic finds in desert (7)
21 Impress with a sign that's gospel (4)
24 Convict returns drink (5)
25 Go to look for players here and there (4,5)
27 Loud protest at bowler's appeal (6)
28 *Guide gives* Roman speaker two points (8)
29 Trees in Bow Street (6)
30 Racial equality on the track (4,4)

**DOWN**

1 Carried round in South-East Asia (6)
2 More abundant way to make *MP real* (6)
3 Fall about circular flag (5)
4 Hide in south-east part of holiday island (7)
6 A colander won't bear *examination* (4,5)
7 Meat not required by tease (5,3)
8 Hard to be without part of Old Testament (8)
11 Left bounder outside getting dressed (4)
15 Discipline members command as part of drill (5,4)
17 Poor starting unfortunately (5,3)
18 Anything in the German relation? (8)
20 Cheek or some other part of body (4)
21 Service I have found tremendous (7)
22 Sour-tempered doctor got out of bed (6)
23 Trees damaged on road junction in Somerset town (6)
26 Winning by a small margin (5)

**Solution to Puzzle No. 4,229**



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# THE ARTS

**Record Review**

## Four Quartets

by ANDREW CLEMENTS

**Beethoven:** The "Middle-Period" Quartets. Alban Berg Quartet. EMI SLS 5171 (three records) £15.40.

**Beethoven:** String Quartet in F Op. 59 no. 1. Busch Quartet. CBS 61888 £3.39.

**Mendelssohn:** The Complete String Quartets Volues 1 and 2. Bartholdy Quartet. Acanta HA21 815 and HA21 966 (two records each £9.24 per set.

**Haydn:** String Quartets Opp. 71 and 74. Amadeus Quartet. Deutsche Grammophon 2709 090 (three records) £15.17.

There are at least as many complete sets of the Beethoven string quartets as there are major record companies, and no shortage of novitiates ready to begin the pilgrimage again. The Alban Berg Quartet does not qualify as a novice ensemble—it has already recorded a much praised series of Mozart quartets—but the present set of the three Rasumovskys together with Opp. 74 and 95 is the start of a new cycle. It promises well—the booklet that accompanies the set fulsomely compares the Berg Quartet with the Busch—but initial reactions to these first instalments are tinged with disappointment. While there are sufficient good things in all the works to rank the players immediately alongside the best quartests on offer today, they do not transcend the versions of the Quartetto Italiano or the Hungarian Quartet, to name but two of the finest Beethoven sets available.

The performances are scrupulously prepared, but there is never the suspicion of mechanical perfection being preferred to musical propriety. The opposite, indeed, on a number of accasions, when passages of dubious intonation have been allowed to stand rather than retake a section of a movement at the risk of destroying its coherence, and when the consuming energy of the four voices is held intact to the detriment of overall contour and balance. Energy is above all the dominant characteristic of the Berg's interpretations: templ are always fast and the attack frequently aggressive. It makes for a thrilling, physical version of Op. 95 in F minor, and an effortlessly spontaneous Op. 59 no. 3; Op. 59 no. 1 is more controversial. The virtuoso sweep of the first movement is superb, but its pace is unnatural: an opening tempo at the limit of technique and common sense is sustained through the second subject to deprive the music of any sense of relaxation. The remaining movements are more moderately judged, but the essence of the slow movement eludes them.

It is the failure to extract maximum expressive freight from the slower music in this set that ultimately prevents unqualified endorsement, and which can be demonstrated most revealing when the Alban Berg Quartet is heard immediately after the latest reissue from the Busch Quartet's recordings for CBS. The sleeves note does not provide the date of the recording, and the record label gives the first date of publication as 1949. But the Busch Quartet as heard here was disbanded in 1945, when Gosta Andreasson and Karl Doktor left, and it seems likely that this disc was one of the first the quartet made for CBS at the beginning of its contract in 1941.

Whatever the vintage, the group was still at the height of its enormous powers for these performances. The slow movement of Op. 59 no. 1 is made a hymn of surpassing beauty under Adolf Busch's sublime promptings, while Hermann Busch launches the first movement at a tempo which can comfortably encompass first and second themes without any disfiguring changes of gear. Compared with previous issues of their late Beethoven quartets this Rasumovsky is less likely to set renewed standards of interpretation; it remains, nevertheless, an extraordinary object lesson in the qualities of the most influential quartet of the last half century. As filler, the disc also contains a curiosity, the Minuet from Haydn's unfinished Quartet Op. 103, the only extant recording of the Busch in Haydn. In the inter-war years the Pro Arte Quartet took care of the Haydn records for EMI while the Busch concentrated on Beethoven and Schubert; this snippet, witty and joyous by turn, only emphasises our loss.

The ghost of Beethoven hovers over many of the works on the Bartholdy Quartet's conspectus of the quartets of their eponym: the two early quartets Op. 12 and 13 are here, together with the set of three Op. 44, the F minor Op. 80, an unnumbered E flat quartet and the set of pieces sometimes grouped together as Op. 81. The music is at its strongest when Beethoven's example is most strictly followed: Op. 13 borrows from Op. 132 its formal scheme as well as its key, but manages a comfortable lyricism and a particularly delicate intermezzo; Op 12 (a later work than Op. 13 despite the numbering) ranges more widely among the late quartets for inspiration and lands upon Beethoven's Op. 74 for its slow introduction.

The Op. 44 works are too strenuously contrapuntal for my taste—Mendelssohn's reverential neo-classicism is not his most appealing virtue—but the F minor Op. 80 is superior stuff, a memorial to his sister Fanny, and a work in which models are discarded and Mendelssohn regains, however temporarily, an unforced personal creativity. The Bartholdy Quartet is efficient enough in all the works and the discs are pleasantly recorded. But the performances tend to eliminate differences of emphasis between quartets; there is a brisk, no-nonsense approach to the task which is not designed to bring out the best in all of the music recorded here. These shortcomings are not, however, sufficient, to affect the value of what is the only integral set of Mendelssohn's quartets currently available.

The new versions of Haydn's "Apponyi" Quartets from the Amadeus need relatively little discussion; the many admirers of the group will need no recommendation from reviewers to purchase the set. As one who is relatively impermeable to the blandishments of this particular quartet, I can observe that charm is the overriding quality of these performances, particularly in the minuets and many of the slow movements. Where a more muscular approach is required, or intimacy must be replaced by extroversion, these records are less satisfying. The edge is taken off many bravura passages by tiny slips of rhythm or intonation and, forced to a weighty climax, tone nowadays tends to be wiry. It remains a peculiarly civilised display of music-making, however; the question of whether Haydn was an especially civilised composer may be begged temporarily while these records are on the turntable.

Prunella Scales and Leonard Rossiter · Leonard Burt

**Lyric, Hammersmith**

## Make & Break

by ANTHONY CURTIS

Does organisation man have a heart? If so, can it be made to beat faster at the thought of anything other than increased sales figures? What will make it stop beating altogether? These are the questions underlying Michael Frayn's black-edged comedy, a work of subtle distinction.

Organisation man is here made incarnate by Leonard Rossiter sucking away at his glasses, as he ponders his next move in the grim struggle for survival. He is the utterly dedicated sales manager of a company that makes walled partitions. The type is instantly recognisable. There is one in every thriving company. Mr. Rossiter, in a finely judged performance, gives him individuality.

He descends upon his colleagues during an international sales convention held in Frankfurt. Their love-hatred of him is what makes them all tick. We see the action from the viewpoint of his hotel suite. Samples of the product have been assembled to demonstrate it to prospective clients from both East and West. This spot-lit assemblage of dummy doors, reminding us always of the product, is a notion out of Feydeau that allows Mr. Frayn some entertaining scope with his chorus of middle management and the German, Arabian and Hungarian customers they are hoping to sign up.

We learn the name of the game very thoroughly in the early scenes with these gentlemen popping in and out of the doors. They ripple along like any other comedy about buying and selling. Then, Mr. Frayn aims to take us more deeply into the nature of the company, as a structure built out of human components. He concentrates on a handful of executives, exposing the inner core of relations that exist between them and the boss, as well as those that exist between the boss and the Super-boss, played by Donald Morley, who may be trying to sell them all down the river.

The play has a rather long second act, where Mr. Frayn seems momentarily to lose his way as he resolves this threat, but it contains some marvellous face-to-face confrontations after the group behaviour of the first half. One, between Mr. Rossiter and his Lancashire secretary, played by Prunella Scales, with hair-do and accent to match, is a gem. He fingers her as he might the blotter on the Boardroom table during a delicate negotiation. Another, between him and the sales force man, James Gront, who succeeds in giving a richly-convincing performance, reveals a relation that has matured over decades.

None of them is portrayed as being at all sycophantic to the boss. The dependence is more organic, as is shown by the interrogation of Peter Blythe, an executive with a passion for Beethoven, and of Glyn Grain, an eager salesman besotted about his family, who is also an evangelical Christian.

In the final scene, we are plunged into a world of heart attacks and corpses. Shakespeare ended one of his most topical comedies with the entry of death to break up the party, so why shouldn't Mr. Frayn? He certainly gets every assistance in these sudden shifts of gear from his expert director, Michael Blakemore. Whether audiences will warm to them remains to be seen. It would be a pity if, because of its flouting of a few dramatic conventions, they fail to respond to this highly original piece of dramatic entertainment.

**Festival Hall**

## Solti's Rheingold

by DAVID MURRAY

Sir George Solti's recording of Wagner's *Das Rheingold* was for many of us a revelation, not least because it supplied the first opportunity for thorough acquaintance with this most neglected link of the *Ring* cycle. It is long since Solti's *Ring* was heard at Covent Garden, and so great interest was attached to his concert performance of *Rheingold* on Tuesday. (It is repeated tonight.) All his singers were of course of a generation new since the famous recording, and the London Philharmonic had to meet the tougher challenge of live performance. Their horns and Wagner tubas did not match the unanimous substance of the Vienna Philharmonic's (in any case the Festival Hall acoustics are hopelessly un-Bayreuth-like for the *Rheingold* Prelude and its sub-aqueous horn-currents), but the playing was generally of a high order, strong and instantly responsive. Wagner's full prescribed complement was laid on: the six harps sounded as well-drilled as the nine "anvils," and not so very different in effect.

Solti's conception of the score proved, satisfyingly enough, not to have altered in principle; other conceptions are possible, but it should be remembered that his forcefully reading set a standard for an opera long thought to be both diffuse and a little crude. His *Rheingold* is one of violent grandeur, continuously urgent and—quite properly—somewhat inhuman. It is a moot point whether that human beings appear only in its successor *Die Walküre*, or excused on the ground that Wagner's new musico-dramatic vision needed to be tried out first on epic action with subservient music, *Walküre* then representing a better-judged balance. Solti makes a great case for the first view, that the music is a perfectly cogent realisation of a necessarily brutal pre-human prologue to the saga.

This excellent performance missed only one or two dramatic strands. There was a masterly, ironically detached Loge from Robert Tear. Norman Bailey and Paul Crook repeated their justly admired Wotan and Mime, and Aage Haugland proved to be as sharp and vital a Fafner as we know him to be a Hunding and a Hagen. Gwynne Howell (rumoured to be *souffrant*) was shaded by him: as the other giant, Fasolt, he made little of Fasolt's crucial susceptibility to feminine charm in the person of Helena Döse's ripe Freia, though his chaste sonority carried much musical weight. The Erda was Birgit Finnilä, impressively projected and of lucid diction. Replacing Josephine Veasey at short notice, Katherine Pring made a striking Fricka in her extended first scene, but dwindled as her role is reduced to occasional interjections: the recorded Solti allowed Flagstad far more space for her loving welcome to the restored Freia, where Miss Pring was hurried through it.

Anthony Rolfe Johnson was a finely lyrical Froh, and Neil Howlett's full-voiced Donner lacked only the steely rhythmic attack for his calling up of the storm. Hermann Becht, who was a solid Donner at Covent Garden not long ago, offered an Alberich much richer in detail and passionately sustained; the role is rich in imprecations, and the last of them—the Curse—perhaps conveyed too little pain. (The force of Alberich's Curse lies not in his being an implacable monster, though he is, but in his having some justice on his side; if we are not made to feel that, Wotan's central dilemma is trivialised.) The Rhinemaidens were lovely in the opening scene; at the end Teresa Cahill's sterling soprano dominated too much—the others were Susan Moore and Gillian Knight—in what was anyway an awkwardly exposed position for the trio. Wagner rightly wanted them offstage with their harp, so that the overbearing rainbow-bridge music should sound like an attempt to drown them out; here they were encouraged to address us fortissimo to the last, pending the sensational orchestral conclusion. That was as directly exciting as most of the preceding music, in Solti's pressingly persuasive hands.

### Ballet Rambert

Ballet Rambert opened its spring season at Sadler's Wells on Tuesday night with a revival of Glen Tetley's full-length *The Tempest*. The ballet continues in repertory until the end of this week, with an additional performance on Saturday, March 22 at 2.30 pm in aid of the Royal Ballet Benevolent Fund.

**C.C.**

**Theatre Royal, Stratford E15**

## The Streets of London

by MICHAEL COVENEY

Although the actor-manager Dion Boucicault made his reputation as a defender of author's rights and with *London Assurance* and his three Irish plays, he made his money with melodramatic pot-boilers such as this routine piece of hokum. *The Streets of London* was one of many local variations on an 1857 New York piece about the downtrodden poor in the wake of a financial collapse. In 1864 it drew the town in London and impressed Charles Dickens with its vigorous use of melodramatic cliché and famous "sensation" scene in which a tenement building was burned to the ground in front of an astonished audience while a crucial document was rescued from the flames. Boucicault wrote to a friend that he could "spin out these rough-and-tumble dramas as a hen lays eggs. It's a degrading occupation, but more money has been made out of guano than poetry."

Diane Cilento's beautiful revival at Stratford East is the best thing at this address in many months. It is affectionate, restrained in its melodramatic gestures, and quite stunningly designed by Haydan Griffin and Peter Hartwell, magnificently supported by the lighting of Andy Phillips. It is the best exposition of the genre I can remember. And it is great fun.

The plot charts the decline in fortunes of a London family, the Fairweathers, 20 years after an upright sea captain has mysteriously expired in a fit of suffocation after handing over his gold to a devious financier, Gideon Bloodgood. The crucial document is Fairweather's receipt, which Bloodgood's sidekick, Badger, retains in his grasp to exert a hold over his master. Bloodgood, in turn, traps a society gent fallen on hard times for the benefit of his socially ambitious daughter, who needs a name to gatecrash the opera boxes and Park Lane salons.

The designers place the action against a series of economically expressive cloths in the style of Victorian engravings and fill the stage with colour as the evening progresses. The London poor have an enchanting chorus number in Covent Garden (the excellent music is by Gary Carpenter and Ian Barnat) to set the mood of panic in the community. But the panic still allows for goodness to survive, as it does in the warmly caricatured family of the Puffys, led by the rubicund Patsy Byrne, who befriend the Fairweathers and are on hand at the curtain to plunge their feet into the reappropriated carpet pile.

There are hilarious scenes of double suicide attempts in a dilapidated slum; of chance reunion among the Fairweathers as they turn to beg from each other; of dastardly retribution sought by the oleaginous Bloodgood, played with muted glee and expressive eyebrows by the excellent William Squire; and of cheers and forgiveness as Michael Carter tops a marvellously insinuating performance as Badger by sorting it all out in his newly acquired role of heroic policeman. And, on top of all that, we have the "sensation" scene to bring down the house, flames filling the tenement windows in a thrilling display of lighting effects and technical ingenuity.

A notably strong cast also includes Frank Grimes as a voice of upper-crust reasonableness, Jane Wymark as the strong-willed daughter for whom Bloodgood commits his crimes, Nicholas Smith as a put-upon retainer (explaining his plight in a very fine point number) and an impressive mother and daughter duet from Elspet Gray and Louisa Rix. We are told, finally, that the value of poverty is that it opens the heart. You could hardly hear for ribald laughter as we were dispatched from the theatre with instructions to spread good will and money among the beggars of Newham.

Louisa Rix and Jane Wymark · Leonard Burt

**St. John's, Smith Square**

## After 1945

The London Sinfonietta, under the able baton of Antony Pay, gave the last of their series of five Tuesday concerts devoted to post-war music. But it was not, and must not be considered as, a finale: it was no more than a start, a first tentative—though by any measure triumphant — step towards the full-fledged role as pre-eminent *performer* of new music, rather than its token spiritual champion, that a properly-funded Sinfonietta could, would, and ought to play.

The last programme was once more an eclectic mix of manners and styles. Hans-Jürgen von Bose is the youngest composer of the series (b.1953). By his ealiest work, from 1973-77, he declared himself an ally of the young German neo-romantic school—his *Three Songs* for tenor and orchestra, which I heard in 1977 in La Rochelle, were many-layered, many-mirrored, sweet sugar-spun confections suffused with yearning backward glances. But his *Travesties in a Sad Landscape*, written for the Sinfonietta the following year and now revived, showed promise of a different, tougher fibre: a wintry landscape of icy echoes, a spare, fine-grained canvas, every line etched hard and clear—softened by a single warm breath on its final page.

John Cage's *Aria* for solo soprano was a happy interlude; or better, Linda Hirst's *Aria*—for it was her own devising and ordering, and her exuberant assumption of a dozen different vocal styles, without a trace of coyness or side, that gave the performance such wit and point. I wish that Vivien Townley had brought as much variety and cunning to her delivery of Elliott Carter's *A mirror on which to dwell*. Her intentions were the best: but her execution, except in the sixth and last song where the vocal palette suddenly took wing, was oddly bland and without nuance.

Henze's music, and particularly the music of the pre-political Italian idyll, is an acquired taste. It is not a current of German neo-romanticism that I am greatly in tune with: though I recognise the lyrical quality of the work, its economy of means, and its keen ear for deft and simple (if unsurprising) instrumental combination. By any reckoning his *Kammermusik* for tenor and ensemble of 1958 is, at three-quarters of an hour, far too long, and for the light weight of its substance far too prolix. But it has passing charms, and a rather beautiful, sentimental epilogue sweetened with honey rather than plain sugar; Philip Langridge, the soloist, stirred the ingredients with conviction.

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# The weakness of unions

THIS WEEK'S rejection by the Union of Post Office Workers of a productivity deal which their representatives bad negotiated and recommended is the latest in a series of embarrassing defeats for trade union leaders. It is becoming increasingly common for employers to reach an agreement with union negotiators, only to find it thrown out when the members are asked to approve it. This is not, of course, a new phenomeon. Union leaders cannot compel the rank and file to adopt a particular course of action; they can only persuade. But the number of recent instances where the leadership has been repudiated points to a lack of effective communications within trade unions. Unless steps are taken to remedy this weakness, collective hargaining could become even more anarchic than it is already.

### Irrelevant

The structure of British trade unions varies widely from extreme centralisation to extreme decentralisation. hut there doea aeem to be a general tendency both for power to shift downwards and for the gap between leadership and rank and file to widen. The CBI's recent discussion document on the trade unions suggests that the TUC'a preoccupation with political objectives is partly to hlame. "While the TUG has gradually achieved a position of political influence," the document says, "it has hecome more divorced from and more irrelevant to the union memhership on which this positioo is built."

Perhaps even more serious is the decline in the power and influence of full-time officials, particularly at the local level. Most industrial action is unofficial; the value of official support, the CBI document suggests, is often more psychological than real. In many unions, power has been devolved to the shop floor to such an extent that officials are increasingly reluctant or unable to assert themselves. The shop floor belief that the local full-time official is redundant to their needs is reinforced by the tendency of some managements either to by-pass official channels or to undermine the authority of officials. For example, companies make "final" offers to officials which, if rejected by the workforce despite official recommendation, are subsequently increased.

It is not surprising that many officials prefer to act as delegates who are mandated by the membership—leaving management negotiators frustrated and the negotiating process a lengthy and uncertain one. Full-time officials, able to take a wider view than the company-based shop stewards or convenors, should provide an important element of stability in a union's dealings with management; too often that stability is now missing.

### Changes

In part the changes within trade unions reflect wider social changes — decline in respect for authority, rejection of deference, greater assertiveness by individuals and groups in pursuit of their objectives. A return to the old days when union bosses wielded almost dictatorial power over their members is ont of the qnestion. But this is not to say there is no scope for leadership. If nnions are to protect the interests of their members, they have to be efficient as organisations. This means that officials at different levels have to exercise authority; that authority has to be accepted and respected.

There is a need to increase the number and to improve the quality of officials io many unions: this will almost certainly require a real increase in the level of subscriptions. At the same time the relationship between officials and shop stewards, whose position is often not formally recognised lo union rulebooks, needs to he clarified.

### Interference

Clearly it is in the interests of management that the structure and organisation of trade unions should he strengthened, since it will contribute to more stable industrial relations and greater respect for procedure; firmness and consistency on the employer's part are also essential. But trade union leadership, which has been preoccupied during the past decade with fighting political battles and with warding off outside Interference ln their affairs, needs to work much harder at putting its own house in order.

# A firm hand in Japan

THE JAPANESE panicked in the face of the 1973-74 oil crisis and the measures then taken sent the economy spiralling downwards in an unnecessarily steep nosedive. This time the government has reacted with more confidence and calm to the combination of sharply rising oil prices and a depreciating yen which could have equally caused major disruption. The further rise in the discount rate announced on Monday and yesterday's measures to temper the pace of inflation should he seen aa part of the same step-by-step approach that reflects firm management.

### Risk

The background against which the measures were taken is that the yen has remained relatively stable following the support package announced earlier this month. The economy, though expected to slow dnwn later this year, is showing unexpected resilience because exports are still expanding strongly. The government ia anxious to avoid unnecessary deflation. The risk it takes in proceeding softly is that lt may not be doing enough to curh inflationary expectations (and hence the level of wage demands in the Spring), or protect the strength of the yen. If that is the case then further action will be necessary.

The 1.75 per cent rise in the discount rate to a new peak of 9 per cent is far more than had been anticipated a month ago hut was inevitable after the rise in U.S. rates. At that level it still seems unlikely to deter the capital investment now being planned in indostries where production is bumping against the limits of capacity and which are looking to expansion—mainly export oriented industries including electronics, automobiles, chemicals and advanced machine tools. Corporate profits have been high over the last year and companies have the funds to finance much of the investment themselves. They would certatinly feel the pinch, however, if competitive raising of interest rates internationally carried Japanese rates much higher.

### Exports

Over the medium-term the Government's hopes for stabilising the yen rest on a shrinking of the current account deficit (albeit still to a large figure by Japanese standards) and an improvement in the overall balance of payments through larger capital inflows. Exports accounted for most of the growth in GNP in the third quarter of fiscal 1979 and still seems to be doing well on the last quarter. The likelihood now is that the economy will have expanded hy over 6 per cent ln 1979 and is forecast to grow by 4.5 per cent in 1980. Automobiles aside, the growth io exports has so far not heen in markets where protectionist pressures are strong.

On the curent account the gain in exports is largely being offset by the rise in oil prices.

The Government's most immediate concern is to diminish inflationary expectations. The wholesalc index is currently rising at an annual rate of over 20 per cent and consumer prices at 8 per ceot. Should the pressure continue upwards, the danger is that the inevitahle subsequent contraction of the economy will be all the sharper.

Viewed in this light the massive increase in domestic gas and electricity prices announced yesterday to bring them in line with international oil prices inevitably overshadows tha modest anti-inflationary measures that the government has taken. Apart from the increase in the discount rate, these consist of little more than strengthening the price monitoring machinery. The Government has shrunk from cutting public expenditure ln a budget which is 34 per cent financed by borrowing. Next year's budget provides for only a small increasa in speoding and the Government clearly felt that there was little fat to prune. The electorate firmly told Prime Ministar Ohira's administration last year that it would have no truck with his proposals for a value added tax.

### External factors

Whether stiffer measures will be necessary later will largely depend on external factors beyond Mr. Ohira's control—on the level of oil prices and American interest rates. Japao's trading partners will be watchful that Japan's export boom does not further threaten their own fragile economies. But amidst so many international uncertainties Mr. Ohira is right in prefering caution to the risk of precipitating unnecessary disruption.

ECONOMIC VIEWPOINT

# America falls victim to the British disease

WHEN LECTURING in the U.S. two years ago on the subject of the "British disease." I explained that the name was a misnomer. For the Americans were clearly in the process of catching the very same complaint.

The long Carter boom after 1976 reminded me irresistibly of the Heath-Barber boom of 1972-74. In both cases a temporary and unsustainable rise in output was achieved by whipping up demand against the limits of capacity and labour supply. In the U.S. two years ago, as in the UK in the early 1970s, I was met hy casuistical arguments from the economic establishment about the large margins of unused lahour and capacity supposedly existing.

Equally striking are the similarities in the corrective action in the two countries. When the Callaghan - Healey package was agreed with the IMF in 1976, it did not appear all that spectacular. But it had to he seen in conjuoction with earlier Britiah efforts that year to curb public spending and limit monetary expansioo.

Similarly, the present U.S. package has to be seen in conjunction with earlier policy changes. The first steps to reverse course were at the time of the international dollar support operatioo lo November 1978. When these seemed to he faltering, they were succeeded by the Volcker measures of last October to control the monetary base. For a time these, too, appeared to falter and the U.S. Administration seemed to be going for a "guns and hutter policy." But the rise in interest rates in the run-up to last weekend's package suggested that the Fed really did mean business about controlling inflation.

As the U.S. money supply is even more difficult to measure than the British, and has behaved in a still more confusing way, the best evidence of the anti-inflationary turn in U.S. policy comes from the currency and commodity markets. The dollar has risen against the mark and Swiss franc by over 6 per cent this month, and would have risen further without intervention. More impressive still has been the sharp tururound in commodity prices —not only gold and silver, but many others such as copper, lead, soya beans, rubber, cotton and sugar. Tha prica falls are too large to be the mere mirror image of the dollar's recovery. Most dramatic of all has been the "death of the apot market in crude oil," where last year's premium on posted prices has almost collapsed.

At current U.S. interest rates —now at last positive in real terms — lt no longer pays Americans to hoard or stockpile commodities; and the effect of this in puncturing world inflation will benefit many other countries. Of course there are too many cosmetics in the U.S. package — such as the roundabout way of raising the Fed's discount rate. From a European, and probably also U.S. domestic point of view, it would bave been better to have put more emphasis on fiscal curbs and less on Interest rates and credit curbs. But having clamoured for action to protect the dollar for years — and decades — European governments can bardly expect to dictate the details of the rescue. They should now have the good grace to give the U.S. their support—or at least keep silent.

Of course there is the danger that the U.S. authorities will not persist in their preseot course —just as both the Labour Government and its Conservative successor in the UK went back to inflationary policies in the disastrous period between the 1973 Budget and the October, 1979, increase in MLR. We shall just bave to wait and see.

But just as the periodic bouts of inflation have not been Britain's only or most deep-seated problem, the spasmodic bouts of dollar weakness are only one of America's problems, and probahly not the most fundamental.

The statistical expression of the British disease for over a century bas been a low rate of growth of output per head in relation to other industrial countries—and since about 1960 lower actual levels as well, as the late starters in Europe overtook the UK. Now, however, it is quite clear that poor performance of measured productivity has become at least as much an American prohlem, too.

U.S. productivity growth has for a long time been below that of Europe and Japan, reflecting the fact that the U.S. already used "best practice" techniques with which other countries have been catching up.

But ln the last few years U.S. productivity has virtually stopped growing altogether. For a time this fact was hidden by the country's rapid cyclical recovery from the mid-70s recession, which far outshone anything experienced in Europe. By the winter of 1978-79 some 12m more people were employed in the U.S than at the previous cyclical peak of 1973—an increase of 12 per cent. While other industrial countries were complaining of stagflation, the U.S. had regained what the Bank for International Settlements described in its last annual report as "full employment for all practical purposes." Naturally this fact was seized upon by many commentators as a feather in the cap of the Keynesian stimulation policy pursued by the Carter Administration in its initial phase.

MR. PAUL VOLCKER
U.S. Fed Board chairman

Now, however, that achievement looks very sour. The 12 per cent employment growth was accompanied by a 12 per cent GDP growth, thus indicating virtually no growth in productivity at all. Indeed, the stimulation policies produced mainly inflation and over-heating; for which the U.S. is now having to pay by opposite policies of demand restriction.

The U.S. record is thus not a good advertisement for the view that whipping up demand and using every available bit up of slack will speed up underlying growth as well.

The U.S. table shows that its post-war productivity performance falls into three phases. In the period up to 1965 output per bead in the private business sector grew by some 2.5 per cent per anoum. In the 1965 to 1973 period the growth rate fell to 1.6 per cent; and in the 1973-78 cycle lt fell to 0.8 per cent. If allowance is made for last year productivity growth practically vanishes in the post-1973 period.

Indeed, the most rapidly growing sector in the U.S. has probably been that of economists analysing the reasons for stagnant productivity. Their results bave, of course, proved no more conclusive than those of their British opposite numbers.

The most widely cited analysis of the reasons for the slowdown is that made by the Brookinga economist, Mr. Edward Denison. Basing himself on the period 1973-76, he can account for some 1.6 per cent of the annual productivity lag compared with 1948-69.

He explains some 0.4 per cent by "changes in the legal and human environment in which business operates." This covers the effects of regulations aiming to control pollution and protect employee safety and health, as wall as the increased resources which business has had to devote to crime prevention.

Another 0.4 per cent is attribnted by Denison to the fact that right up to the late 1960s, there was still a reserve of underutilised labour in farming, self-employment and family enterprises. By the mid-1970s, these gains from "improved allocation" had come to an end.

Further portions of the growth loss were attributed by Denison to a miscellany of factors: the increased proportion of very young workers and women in the labour force, the drop in working bours, reduced opportunities for economies of scale as a result of the growth slowdown itself, and a slower expansion of fixed capital—Denison himself attached a very low weight to the latter.

He admits, bowever, that over half the shortfall is not explained. In an introduction to his calculations in Gontemporary Economic Problems (1979) published by the American Enterprise Institute in Washington, he adds that very much the same combination of attribnted and nnexplained factors was at work in the rest of the 1970s as in the period to which his pilot investigation refers. Other statistical analyses, using alightly different methods also come out with abont the same "unexplained residual" in the growth shortfall.

## Same factors observed

Introducing the volume just cited, the editor, Prof. William Fellner, discusses possible explanations for the half of the productivity slowdown unaccounted for by the statistical analysis. These include a slower pace of new industrial innovation, the sharp Increase in energy prices, uncertainty and distortions prodnced by a rising and unstable rate of inflation, tax disincentives and a possible change in the work ethic. It is not an accideot that many of thesa same socio-political factors bave previously been used by American writers to explain the more recent manifestation of the English sickness.

On the tax side, the U.S. changes have been due not to deliberate Congressional legislation, but to a totally unindexed progressive tax system, blind hoth to inflation and to real growth. As a result the proportion of U.S. taxpayers facing marginal income tax rates of 25 per cent or more rose from only 7 per cent in 1965 to well over a third by the late 1970s.

As far as the statistically explained portion of the slowdown is concerned, there are two major rivals to Denison's list of assorted factors. A joint paper by three other authors (in Brookinga Papers on Economic Activity, No. 2, 1979) pnts the main emphasis on a halving of the rate of fixed capital formation ln the post-1973 period. Tha investment slowdown is attributed to a much greater rise in the price of capital than of labour. This is the opposite of what has happened in Europe and may help to explain the different unemployment experiences on the two sides of the Atlantic.

The other explanation focuses on the rise in energy prices (and can be found in an article by John Tatom in the September, 1979 Federal Bank of St. Louis Review). The energy price rise in his view effectively rednced the productivity of existing labour and equipment and helped to increase the cost of new plant, thus accounting for a good deal of the investment slowdown.

A refreshing antidote to all this puzzled American-style gloom and doom is provided by another Washington author, Edward Graham (in a chapter of a book with the enticing title *Technological Innovation for a Dynamic Economy* (Pergamon, 1979). One of his arguments is that the environmental and health and safety regulations of the last decade brought real improvements to living standards, which escape the normal output measurements. The "explanation" simply says that part of the productivity slowdown was a statistician's problem about which we may not need to worry.

Mr. Graham's other beresy is more novel. This is that recent technological innovation bas been devoted largely towards new products (such as video machines) which are very difficult to take into account ln any output index and may have a long-term value in excess of their market price.

A further explanation is the familiar one of the "black economy." As in other countries, there has been a growth of small-scale domestic and unregistered activity, which escapes both the tax net and the attention of the regulatory agencies.

My own preference is for an explanation which is international rather than U.S.-centred. All the main established industrial countries have experienced a growth setback. In the 1973-78 trade cycle, IMF figures show that the growth of real GNP per person employed in the seven main industrial countries fell to an average of 1½ per cent per annum compared with 3½ per cent per annum in 1960 to 1973. The U.S. started out from a commanding position but with a much lower growth rate than the others. It therefore required only a common international setback to hring measured U.S. productivity growth towards zero.

## Advantage lost

The main shock experienced by most established industrial countries has been a change in the pattern of comparative advantage to the detriment of older manufacturing industries. Superimposed on this have been the energy price shocks of 1973-74 and 1979-80. The development of the black economy has been a common response to increases in taxation, unionisation or regulation, which are themselves responses to a barsher international economic environment.

Thus the same forces which have reduced the Japanese productivity growth rate from 8½ per cent to 3½ per cent per annum over the last cycle, and the German growth rate from 4½ per cent to 3 per cent reduced the U.S. rate from just under 2 per cent to nearly zero, where it matches that of the UK.

In a country as rich as the U.S., low or even zero growth is not necessarily a cause for tears. But we would need to worry if Western countries lost their capacity for adaptation, so that further shocks lead not merely to statistical but actual declines in living standards—not merely during a temporary recession—but for a continuing period.

**Samuel Brittan**

**ANNUAL GROWTH IN GNP PER EMPLOYEE 1963-79**

Percentage change each year

| | 1963 to 1973 | 1973 to 1979 |
|---|---|---|
| U.S. | 1.9 | 0.1 |
| Japan | 8.7 | 3.4 |
| Germany | 4.6 | 3.2 |
| France | 4.6 | 2.7 |
| UK | 3.0 | 0.3 |
| Italy | 5.4 | 1.6 |
| Canada | 2.4 | 0.4 |

Source: OECD

**U.S. LABOUR PRODUCTIVITY GROWTH 1948-79**

Percentage change each year

| | 1948 to 1955 | 1955 to 1965 | 1965 to 1973 | 1973 to 1978 | 1978 IV to 1979 IV |
|---|---|---|---|---|---|
| Private business sector | 2.5 | 2.4 | 1.6 | 0.8 | −2.0 |
| Non-farm | 2.4 | 2.5 | 1.6 | 0.9 | −2.0 |
| Manufacturing | 3.2 | 2.8 | 2.4 | 1.5 | n.a. |
| Non-manufacturing | 2.1 | 2.2 | 1.2 | 0.5 | n.a. |

Source: U.S. Council of Economic Advisers

# MEN AND MATTERS

## Swedes soured by acid drops

Well-mannered as they are (to the point, sometimes, of being slightly annoying) the Scandinavians saem poised to protest again about the problem of "black snow" originating in Britain. More formally known as "trans-houndary pollution," this falls on Norway and Sweden — thanks to the prevailing south west wind — in the form of diluted sulphuric acid.

It is not a new problem, going back to the early 1950s. But the threat of London Brick Company building four 450 feet bigh chimneys in Bedfordshire has caused the Swedish and Norwegian embassies in London to send a sheaf of documentation off for consideration back home.

The environment spokesman at the Swedish embassy, Wanda Tornberg, who is naturally concerned about the thousands of "dead lakes" in Sweden caused by pollution, says a diplomatic initiative "cannot be ruled out." The scheme is being carefully studied in Stockholm. "It's obvious that we make some contribution to this pollution ourselves, hut we count on a large percentage coming from England and the Ruhr Valley. The acid falls down much less in the neighbourhood of these tall chimneys than it does far away. In Sweden it does a lot of damage because of the lack of neutralising chalk in the soil."

Not one to be thought unreasonable, Mrs. Tornberg says she must in fairness point out that British scientists strongly dispute the accuracy of Swedish calculations about the provenance of the pollution.

A similar sweet-reasonableness came over the telephone from Oslo, where I spoke to an official in the Environment Ministry. The papers are still being studied, but it is falt that the chimneys contravene the as yet unratified agreement made in Geneva last November about long-range pollution. "But basically it's a British problem," the official said politely. "Perhaps we can do nothing about it."



London Brick, much exercised by the activities of a ginger group called PROBE (Public Review of Brickmaking and the Environment) is also very discreet about the effects of its £70m scheme. It will, asserts the company, be e mere drop in the ocean of acid deposited on Norway and Sweden by, among others, Eastern Europe. The British Government itself has claimed that the four chimneys will account for a "negligible" increase in the 3.25m tonnes of sulphur dioxide — nearly half from power stations — which leave Britain's shores each year for points abroad.

## Missed cue

Sleight of band is clearly not one of the Carter Administration's specialities. Only recently we had a voting blunder in the United Nations, and now, I hear admissions that Carter himself omitted a key part of his anti-inflation speech last Friday.

In the wake of his dollar-boosting declarations the Senate Banking Committee was heard grumbling londly that the President had not spoken out forcefully in favour of reforming Government regulations. Anti-inflation adviser Alfred Kahn has now made matters clear. The speech, he admitted, did cootain the requisite strong words. "I urge Congress to speed passage of Bills to cut regulation of banking, trucking, railroads and communications," Garter should have said. "It was unfortunately missed," Kahn explains, "because two pages were stuck together."

## Model miner

On the same side for a change yesterday were National Coal Board chairman Sir Derek Ezra and miners' leader Joe Gormley. Sir Derek, already a vocal campaigner for Keep Britain Tidy, waa launching a drive to reduce the nnmber of industrial accidents. Gormley missed the opening declarations because be bad heen beld up in out-patients. He turned up in time for lunch and an impromptu chat, bowever, explaining that he had just been fitted with a surgical collar to treat a neck injury. "I think the problem has developed from knocks I received when I was working in the pits," he said.

## Futures past

Gone, it seems are the days when dedicated antique dealers were prepared to sit for years surrounded by musty furniture, pictures and stuffed fauna, watching the years tick slowly by and their stock appreciating.

Brian Eldridge, who runs an antiques sales and rental business behind a wet-look black and gold facade in crumbling Farringdon Road, has come up with an idea which, he claims, will give the public a chance to earn 25 per cent interest in the antiques market without the trouble of actually owning, dusting or wood-worming any pieces.

His latest company, Capital Antique Futures (he calls it a "cluh" for regular customers) will use its backers' money to deal in antiqnes. He is asking — and getting — customers to invest a minimum of £1,000 for five years to finance the company's operations. The carrot is a 25 per cent a year return. He claims that his first bount of "futures" buying which starts next month, is "probahly already over-subscribed" with more than £50,000 on the books.

Naturally, I asked him why with such good returns he did not use more conventional aources of finance. "I have an extremely good relationship with my bank," he assured me. "But this keeps my customers with me, gives them a return that keeps them happy and gives me long-term money on hand." Competition for the British Rail Pension Fund?

## Point mistaken

Mathematical mayhem yesterday at a meeting of the House of Commons Select Committee on Welsh Affairs. Normally one of the more tedious functions at Westminster, it was enlivened by the flamboyant chairman Leo Abse, who complained of "a jungle of figures" relating to cuts in aid to the Welsh.

After 45 minutes of intense hacking at the numerical undergrowth, the problem was traced to its source. Speaking in the Commons last year, Sir Keith Joseph, it seems, spoke of saving £106m. Sir Keith, it seems, was reading from a piece of paper in which the decimal point in the figure £1.06m had strayed ao far to the right as to disappear.

## Silver lining

Overheard in the City: 'I don't mind going grey—I rather like the idea of becoming distinguished while I'm still yoong enough to enjoy it."

**Observer**

THE RACE FOR THE U.S. PRESIDENCY

BY JUREK MARTIN IN WASHINGTON

# Campaign of overpowering negatives

"I'VE KNOWN him for years. He's got courage. I admire a man who's got courage. He started out months ago and entered into every contest in every State and he won 'em and be lost 'em and, by God, you've got to admire a man like that. He's got a religious tone in what he says and maybe we should bave a little more religion in our community. The man talks about true values. Why shouldn't we be sold on him?"

The speaker, of course, was the inimitable Richard Daley, legendary Mayor of Chicago. His words were his coronation of the then candidate, Jimmy Carter, after the Ohio primary nearly four years ago. But the political logic expressed in pure Daleyisms—that a presidential nomination is won thesa days by running just about everywhere—is as valid now as it was then. His aentiments could easily be lifted these days by the Repnblican faithful and applied to Ronald Reagan. Even his next imperishable remark four years ago—"Who said that's the man who should be knighted on a white borse to walk him into the Convention?"—is as true of Gerald Ford today as it was of Hubert Humphrey in 1976.

But, after allowing for the coincidence that this time it has been Illinois, his old fiefdom, wbich looks like the turning point in the campaign and for the fact that it was one of bis successors at Chicago's city hall, Mrs. Jayne Byrne, who turnad out to he a destroyer, not a maker of kings, the comparisons between 1980 and 1976, or even any other recent election, start to wear a little thin.

In 1980, it now looks inevitable, barring the unforeseen, that the November election will pit the Democratic team of Jimmy Carter and Vice President Walter Mondale against Ronald Reagan and whoever he aelects as his running mate. Both Mr. Carter and Mr. Reagan have built up such a lead in accumulating delegates for their respective national conventions and both are so well organised in the primaries and caucuses still to come that Senator Kennedy, Congressman John Anderson and anybody else have little more than prayers left to reverse the tide. That this prospect should bava been settled less than a month after the first primary in New Hampshire and only two months after the first cancus in Iowa is nothing short of remarkable, givan the endlesa equations, volatilities and uncertainties so evident at the start of the year.

## Issue-less

But it is not simply that apparently speedy resolution of the alternatives that makes 1980 so exceptional. It is that it baa been possible to arrive at this pass by such a passionless, even issue-less process, so full of negatives.

President Carter has come to the brink of the nomination by not setting a foot outside the White House. Even in 1972, when his nomination was never in the slightest doubt, President Nixon occasionally ventured forth to show the flag. Mr. Carter, to he sure, has played some discreet politics from the Oval Office, but he has, in essence, found it more convenient to wrap himself up in the flag—which comes in many colours, be they Iranian, Russian or wbatever bue denotes inflation.

Giveo that Mr. Carter is not held in high general esteem—opinions range from near-contempt along the Washington-Boston axis to sufference and intermittent though grudging admiration elsewhere — his success cannot ba attributed to mere tactics or even to the existence of external crises. They stem from another overpowering negative in the shape of the public's assessment of Senator Edward Kennedy. Indeed the main reason why Mr. Carter looks forward to confronting Mr. Reagan in the autumn is his belief that enough Americans, especially thosa outside the bardcore right wing, bold similar negative views of the former Governor of California.

After an appalling, stumbling start, Mr. Kennedy bas not, in truth, run a bad campaign. He has real issues on his side — economic, foreign and the Carter record in both areas—and, if a little stridently at times, he has enuncisted them with the considerable oratorical force at his command His staff msy not be as good as Mr. Carter's (be bas no-one, for example, with the same experience in tha complex game of modern electoral politics aa Mr. Robert Strauss, director of the Carter-Mondale effort) but it is not devold of talent. Money has been a problem — and may ultimately be used as the excuse for giving up—but not to a crippling extent. He may rue the tactical error of siding with Mrs. Byrne in Chicago, but one city does not make a national campaign.

Mr. Kennedy has come to the edge of failure for two reasons: personal character, summed up in the one word, Chappaquidick, but spilling over into public doubts about his marriage which tbe valiant, almost tragic, public performances of his wife, Joan, bave not been able to dispel; and the broader feeling that the great era of the Kennedys, the 1960s, bas passed for ever and that the solutions so gloriously offered for problems then will no longer work as the country enters the much more complex 1980s.

**THE SELECTION OF DELEGATES SO FAR**

**DEMOCRATS**

| | Illinois | Won previously | Grand total so far |
|---|---|---|---|
| Carter | 154 | 375 | 529 |
| Kennedy | 16 | 183 | 199 |
| Uncommitted | 2 | 22 | 24 |
| Number of delegates needed to secure nomination | | | 1,666 |

**REPUBLICANS**

| | Illinois | Won previously | Grand total so far |
|---|---|---|---|
| Reagan | 42 | 167 | 209 |
| Bush | 2 | 45 | 47 |
| Anderson | 24 | 13 | 37 |
| Uncommitted | 20 | 17 | 37 |
| Others | 4 | 9 | 13 |
| Number of delegates needed to secure nomination | | | 998 |

There is great, hut abstract, nostalgia for the good old days of Jack and Bobby. But the activists of that era, who brought the nation everything from the Civil Rights movement to the Vietnam War and opposition to it, are the older, greyer lawyers, civil servants and teachers of today, with so much more to lose by a return to ferment. This was graphically evident at a moving gathering of the bygone generation on Tuesday at the funeral services in New York for former Congressman Allard Lowenstein, instigator of the "dump Johnson" movement in 1968 and the quintessential, perennial seeker of change in society, who was brutally murdered last week by a deranged former associate.

Negatives apply in good measure to the Republican Party as well in 1980. Apparently qualified candidates, like Senator Howard Baker and Mr. John Connally, failed because of what they could not do—the former to make people "out there" understand the sophisticated language aod logic of the experienced Washington politician, the latter to dispel the mistrust of a political lifetime of wheeling and dealing.

With Mr. George Bush, now clinging precariously by bis manicured fingernails to a failing candidacy, the problem is different, but still characterised by negatives. In spite of a curriculum vitae of appointments running to many pages, he bas been unable to convince people that, as Gertrude Stein one wrote of the unlovely city of Oakland, California: "There is a there there." After Iowa the cocky exponent of the virtues of organisation, momentum, jargon and the politics of optimism, he bas now been reduced by defeat to petulance and frantic, but belated, attempts to display knowledge about those "issues" he ignored wben he was riding high.

## Familiar

Even with Mr. Reagan himself, the 69-year-old warborse, success is the result of saying nothing that is not music to the ears of the hard core conservative third who still, in effect, run the Republican Party. Once he shed the imposed moderation of his erstwhile campaign manager, John Sears, who had tried to broaden the base of his appeal but had brought him defeat in the Iowa caucuses, he has gone from strength to strength.

There is in fact a great sense of deja vu about Mr. Reagan's campaign in 1980. The familiar lines are atill there: the cheating welfare mothers in Cbicago; jokes about the shrinking dollar; the iniquities of Government as the cause of inflation and as the barrier to the otherwise boundless energies of the free enterprise system, a perfidious Supreme Court and State Department; generations of appeasement and retreat in the face of the Soviet threat; reminiscences of times that were probahly never as glorious as he now portrays them wben, as he puts it, an American could pin a stars and stripes to his buttonbole and walk with impunity down any street in some far-flung country wbere revolution was raging. It is a litany purveyed with great affability, a sense of conviction, and considerable skill, as befits an old actor.

For bis part, Mr. Anderson has found a seam of discontent with the proffered cboices, but not, it appears, a rich enough lode. In a way, he has donned the dissident mantle worn by Senator Eugene McCarthy 12 years ago. The young like his frankness, so do many Democrats and freethinkers. But Republicans are unpersuaded, believing increasingly, as Mr. Reagan and Mr. Busb have been charging, that be is in the wrong party. The Anderson candidacy had undoubtedly beeo the one refresbing element in the campaign so far—a positive among a myriad negatives—but even his limited success to date is more the product of this very difference than a reflection of public acceptance of what be is actually saying.

To date the primaries season has been so negative and so party internecine that the year offers few clues about the outcome of a Carter-Reagan contest. It is clear that Mr. Reagan's chances agaiost Mr. Carter are mucb better than, for example, Senator Barry Goldwater's were against President Johnson in 1964. The country is more conservative now and Mr. Carter, besat by problems on all sides, hardly enters the battle on the tide of sympathy and popularity tbat LBJ enjoyed 16 years ago. Republicans are reasonably and confidently expecting big gains in this year'a congressional and local elections—they may even regain control of the Senate for the first time since the 1950s

## Poll claim

A standard part of the candidate's stump speech is that he bas a proven record of being able to get Democrats and Independents to vote for bim, chalking up, as he did, two big wins in California when Governor in spite of low Republican registration in the State. The claim looks good on paper but does not stand up to scrutiny so well. The men he beat in 1964 and 1968, two-time Governor "Pat" Brown (father of Jerry) and venerable Democratic leader Jesse Unrub, represented a Democratic estahlishment the State had, at the time, grown tired of. Moreover, Califoroia has the propensity to be out of step with the rest of the nation.

The basic electoral mathematics are very important. Democrats in the U.S. outnumber Republicans by nearly two-to-one, and Independents are as numerous as Democrats. Perty disciplines and loyalties may not be what tbey were and the public's contempt for politicians in general may never have been higher, but a Carter-Reagan choice is very stark. Mr. Reagan may be the one Republican candidate who can persuade Democrat and Independents actually to vote for Mr. Carter, without enthusiasm, to be sure, but as the lesser of two evils. Events overseas and at bome may cbange tbis perception. So may the willingness of the Kennedy wing of the Democratic Party to swallow ita frustrations and misgivings about what they see as a Republican President already in the White House.

One final point: mucb is being made in Wasbington and, according to received reports, elsewbere in the world, about the paucity of choice being offered to the American public. It is fasbionable to put this down to the excesses of the party reforms of the past decade whicb have turned participatory democracy too much over to the people and taken control away from the wise professionals of the smoke-filled rooms who could always he counted on to produce an experienced and qualified candidate.

Perhaps the current system has become too protracted and expensive, too capable of paralysing the body politic for too long. But, as Mayor Daley said, you have to "win 'em and lose 'em" for the public to get a sense of your fibre. The alternative is the tyranny of the public opinion polls, to whicb the professionals pay such great attention. And it is worth pointing out that the big loser so far in the campaign of 1980 is tbe reputation of these polls for getting it right.

# Letters to the Editor

## Productivity in steel

*From Mr. B. Ord*

Sir,—Mr. P. Kille (March 17) makes the usual mistake in assuming that the question of "tha order book in industry" is the responsibility of management. This is only half true, it is just as much the fault of the worker when the orders fail to materialise. The most important incentive for orders is the price of the article or material, the next is quality and then delivery.

If steel is to be produced cheaply, the absolute maximum output must be obtained per man bour. The cheaper the steel is priced, the more you will sell and the more you sell, the more jobs there will be. So long as productivity in the UK is less per man bour by one balf that of the Japanese and by almost one third that of the Germans and U.S., our steel industry will lack orders. The theory that by reducing individual outpnt one increases the job opportunities is a load of rubbish. All one does is to increase the cost and so tha price which in turn reduces the order book.

At present, apart from the Italians, we prodnce the most expensive steel in the industrialised world when one takes into account the enormous subsidy which the industry obtains from Government. If we could reduce our prices to equal or beat the competition it would not ba necessary to cut the industry back by the amount we are at present contemplating. Management can now only do what the labour force allows it to do, not the other way round which is, of course, the way it should be.

B. T. Ord.
*Pont au Bré,*
*St. Peter,*
*Jersey.*

## Joining the EMS

*From Mr. K. Graves*

Sir, — Professor Minford (March 14) is to be congratulated on his outspoken views on Britain's attitude to the EEC in general and to the European Monetary System in particular.

There is certainly no future in joining the EMS simply as a bargaining counter in our efforts to secure a reduced budgetary contribution to the European Community. On the technical plane we should lock ourselves into what is a mark-dominated bloc and lose much of our antonomy over domestic aggregates. It seems to me that, in view of what has been beppening to sterling over the past months, we would have been ill-advised to join anyway.

I find the talk of sterling's being "over-valued" somewhat puzzling. The tests for overvaluation are complex and subject to differences of opinion; but one ought not to subscribe to the opinion that price is the dominant factor in exports, for example.

While not enamoured of regional blocs, I admit that there may be arguments for our joining such a bloc when the time is ripe—that is when there is greater convergence of economic conditions, enabling us to come together naturally. But one thing is certain—and that is that internal policies must always be tailored to the maintenance of any chosen external standard. Floating rates have not removed this constraint. The gold standard may be dead; but it rules us from its grave.

K. T. H. Graves.
*259, Teehey Lane,*
*Bebington,*
*Wirral, Merseyside.*

## EEC legal system

*From Mr. W. Stockler.*

Sir,—I would be grateful if yon would kindly permit me to raise two points—one legal, one factual—relating to the article by Justinian "Wide gap separates UK-EEC legal systems" of Marcb 10.

Justinian's reading of the judgment is only one of two possible interpretations thereof. He concludes that the European Commission is entitled to make interim orders where only a prima facie breach of Articles 85 or 86 bas been establisbed. In fact, there is no reference in tha jndgment to prima facie breacbes, and indeed the judgment is insistent on the safeguards contained in regulation 17 being observed. Not only does article 3(1) of regulation 17 insist that the Commission must find that there is an infringement of articles 85 or 86, but the judgment itself concludes that the powers which the Commission bolds under that article include "the power to take interim measures which are indispensable for the effect of exercise of its functions, and, in particular, for ensuring the effectiveness of any decisions requiring undertakings to bring to an end infringements which it has found to exist." The previous paragraph of the judgment refers to the possibility of the Commission taking decisions "linked in successive stages."

My interpretation of the judgment is that the Commission must first find that there is an infringement and can then make a decision in successive stages, including interim measures. This would be entirely in accordance with the provisions of article 3(1) of regulation 17 and would not, therefore, amonnt to what Justinian refers to as a fundamental disagreement with the Advocate-General or to a recognition of the absence of any express power.

No doubt tha European Court will, at a later stage be asked to clarify tha decision, bnt until it does so it would be wrong to draw the conclusion reached by Jnstinian thereon.

Tha second point is that the article, and indeed the judgment, refers to "Victor Hasselblad A/B and its subsidiary in England." In fact the English company Hasselblad (GB) is the distributor of Hasselblad cameras in the UK but is not a subsidiary or associated company of Victor Hasselblad A/B.

William T. Stockler,
*34-35 High Holborn, WC1*

## Agricultural policy

*From Dr. R. Pool*

Sir,—Your leading article of March 17 refers to the budget problems arising from an "indefensible" common agricultural policy. I suggest the British case is stronger than that; the present CAP is illegal.

I recently brought a case in the European Court to test this point. The Council of Ministers asked the Court to declare that its actions over green exchange rates were not blatantly illegal, and the Court conducted its proceedings on this issue alone. Faced with the inevitable conclusion, the Court gave its judgment on other, not previously discussed, and may I say, tendentious issues. It refused the Council its declaration of legality.

Green rates bave been and are being used to provide national not common farm prices. Much of the budget problem follows from this. The Six failed to negotiate, or renegotiate, terms upon wbich their agriculture could compete with that of Britain. The Community bas subsequently failed to adopt adequata regional and social policies.

The adoption of national not common farm prices is destroying the Community not only, as your leader says, gratuitously, but also I suggest illegally.

(Dr.) R. A. H. Pool.
*Higher Trayne,*
*Ilfracombe, Devon.*

## A switch in disciplines

*From Mr. D. Tompsett*

Sir,—You are rigbt to keep discussion going on the Finniston Report by printing articles sucb as that by Messrs. Houlden and Hill (March 17) about the desirable content of engineering degree courses. If the Finniston committee did not find space for detailed examination of curricula, bowever, it was presumably because it expected that argument on these would certainly follow once the fundamental message of its report bad been grasped.

Houlden and Hill sought to astonish us by recounting bow someona originally trained as an engineer was able to progress to the position of financial controller of a multinational. Only in a British journal could this be found in the least remarkable, as will become clear to anyone taking the trouble to read appendix D of the Finniston report whicb covers the situation in seven of our leading competitors' countries. How much more amazing would be the news that someone originally trained as an accountant or lawyer bad been appointed technical director of a manufacturing organisation!

D. H. Tompsett.
*Great Cheveney House,*
*Marden, Tonbridge, Kent.*

## Development of engineers

*From Mr. M. Cleor*

Sir,—May I add some comments to the article by Brian Houlden and Terry Hill (March 17) on the training of engineers for management? Tha Finniston report bas been criticised widely but it did succeed in making a great number of bodies and people start thinking about one of the most important problems of this industrial country.

One aspect which has been missed by nearly everyone is the role which senior management in the engineering industry bas to play in the management development process.

Some years ago, I bad the good fortune to lead a small group of senior cbartered engineers around Westinghouse Corporation in the U.S. as potential licensees. We were given top level treatment at all the plants visited in five cities, and a lasting impression was made upon us of the corporation's method of management development.

As an example, the executive vice-president at each factory was in his late thirties. His background experience in eacb case was that of a university graduate and he bad spent about four years on design and developmeot, four years on production, and four years oo marketing (not necessarily lo that order) before assuming general management responsibility.

The polnt I am making is that this was corporation policy and not the iodividual's desire for fresb fields of experience. Of course there are individuals who of their own accord move themselves around from discipline to discipIioe and they are the ones who succeed, but it sbould be up to senior management to see that this happens as a matter of policy in their own companies to the bulk of the promising youngsters. If personnel directors were not so inextricably tied up with the shop floor, they would be able to see that this happened over bere. There are, of course, exceptions and some companies have always developed engineers for management, but they are very few.

I bave always believed that, person to person, the Britisb engineer is better tban his international counterpart, particularly at the beginning of bis career. At the end of the day, bowever, he is often in a cul-de-sac due to years in one field, wbereas be might bave been a manager. This ia not the fault of education, it is the fault of senior management.

Micbael Clear.
*4, Homefield Lane,*
*Rothley, Leicester.*

## Changing the setting

*From the Editor,*
*New Statesman*

Sir,—We are very sorry to disappoint both "Men and Mattera" (March 14) and Action Typesetters but this particular "compendium of leftist ethics" decided a fortnight ago to go to Arc Filmsetting—and any interested parties were informed accordingly.

Bruce Page.
New Statesman,
*10, Great Turnstile, WC1.*

## Computer capacity

*From Mr. L. Wolters*

Sir,—The blissful ignorance of Mr. Peter Kreamer (March 15) regarding the supposed infinite computing capacity of the banks would be merely amusing were it not for similar over-simplifications being made in the boardrooms of some of these august institutions.

Raw computer power is in itself useless, and the advent of the microprocessor has helped to further emphasise the absolute necessity (and dire sbortage) of trained compnter engineers, programmers, analysts, etc. Assuming one finds the people, it still takes time as well as money to create or enhance any compnter system, so Mr. Kreamer's plastic paradise will just take a little longer to arrive. Once in this glorious future, perhaps Mr. Martin Simons (Marcb 10) would be appeased if we all thought in terms of "debit" rather than "credit" cards.

Lloyd Walters.
*47a, St. George's Drive, SW1.*

# Today's Events

**GENERAL**

UK: National and Local Government Officers Association mass meetiog over comparability offer, Glasgow.

Three-day Scottisb Liberal confereoce opens, Rothesay.

National Union of Teachers report published on Promotion and the Woman Teacher.

Mr. Cecil Parkinson, Trade Minister, Mr. Edward Heath, and Lord Nelson of Stafford, GEC chairman, are among speakers at a conference on "China 1980—the way ahead for trade after the reassessment," Londoo.

Princess Anne, as president, presents British Academy of Film aod Television Arts annual awards, Wembley Conference Centre.

Overseas: First election of a Catalan Parliament since the Civil War, Spain.

**PARLIAMENTARY BUSINESS**

House of Commons: Debate on EEC documents relating to the Common Agricultural Policy and the Community Budget.

House of Lords: County of Kent Bill, second reading. National Health Service (Invalid Direction) Bill, remaining stages. Debate on Liberal motion to disapprove the Immigration Rules.

Select Committee: Agriculture (Room 16, 11 am); and Home Affairs sub-committee on Race Relations and Immigration (Room 15, 4.30 pm).

**OFFICIAL STATISTICS**

Construction — new orders (January). Capital expenditure by the manufacturing, distributive and service industries (fourth quarter—revised). Manufacturers' and distributors' stocks (fourth quarter—revised). UK banks' assets and liabilities and the money stock (mid-February). London dollar and sterling certificates of deposit (mid-February).

**COMPANY MEETINGS**

Birmid Qualcast, Midland Hotel, New Street, Birmingham, 12. Bullough, 20 Cannon Street, EC, 10.15. Coro Exchange, 2 Seething Lane, EC, 11. Drayton Commercial Investments, 117 Old Broad Street, EC, 2.30. East Anglian Water, 163 High Street, Lowestoft, 3. Greenfriar Investments, 11 Austin Friars, EC, 2.30. Pengkalen, 65 London Wall, EC, 2.30. Scottish Agricultural Industries, North British Hotel, Princes Street, Edinburgh, 12. Watson and Philip, Angus Hotel, Marketgait, Dundee, 12. Whatlings, Great Eastern Hotel, Liverpool Street, EC, 12.

# Hit by engineering strike, TI emerges £28m lower

IN THE wake of the engineering strike taxable profit of Tube Investments in the second six months of 1979 was almost halved from £42.1m to £21.8m. This left the full-year total down from £80m to £52.2m.

In October the company warned that the dispute had caused an estimated £20m setback in profits. Though recovery in some areas was a little better than expected, the total effect, as it turned out, was broadly in line with this, the directors say.

After announcing the figures yesterday, Sir Brian Kellett, the chairman, said: "It would be foolhardy to predict this year, but the circumstances last year were exceptional. If the steel strike is solved soon we will not have suffered to anything like the degree of last year."

The policy of spending to improve productivity and efficiency rather than add to capacity is expected to continue and no cutback in spending is planned, he said.

External sales were up 10 per cent to £1.21bn in money terms, but both production and sales volumes showed no growth. At the trading level profit slipped to £73.5m (£89.7m). This decline was steepened by a fall from £5.4m to £1.8m in the share of associates, interest on short-term borrowings jumping from £7.3m to £13.5m.

Domestic appliances were the only activity to produce an advance, with the contribution, before loan interest, moving ahead to £15.3m (£9m) on sales of £208.4m (£175.7m). By contrast cycles and toys fell from £8m profit to a £3.6m loss as turnover dipped to £157.1m (£158.1m).

The main contributor was again aluminium but the result here was down from £27.4m to £22.6m on £288.4m (£228.3m) sales, while steel tube and steel activities slid to £11.8m (£21.6m) on £314.1m (£318.9m) sales and specialised engineering products from £17.1m to £11.7m on turnover of £243.3m (£223.3m).

With parent and other companies generating £4m (£4.7m) the total surplus before loan interest of £9.6m (£7.8m) emerged at £61.8m (£87.8m).

Tax for the year took £12.3m (£17.3m) leaving stated earnings per £1 share 31.5p lower at 53.3p but a net final dividend of 13p lifts the total to 25.5p (23.396p) which absorbs £15.1m (£13.8m).

After extraordinary debits of £1.9m (£11m) the retained balance emerged at £14.6m (£25m).

Group returns on net assets employed fell to 11.1 per cent (16 per cent) with only domestic appliances achieving an improvement.

Apart from the engineers' strike the results also reflect the impact of high interest rates, inflation and the strengthening of sterling, the directors say.

On a current costs basis along the lines of the Hyde Guidelines taxable profit dived from £42.7m to £12.8m after £21.2m (£19.3m) additional depreciation, £22.2m (£21.3m) extra costs of sales less a gearing adjustment of £7.3m (£6m increase).

Demand generally in the UK for steel tube was depressed throughout the year and some exports of commodity type products contributed inadequately to fixed costs. Reduced demand for steel was felt particularly at Round Oak Steel Works which moved into a loss.

Aluminium sales volume increased substantially with production of primary aluminium at a record level.

The fall in profits in specialised engineering products business area was mainly attributable to the industrial electrical business where lower demand, loss of production and internal reorganisation costs resulted in a loss for the year. Automotive silencers however, performed strongly, the directors state.

Cycles and toys were particularly affected by the timing of the engineering strike which prevented supplies to the buoyant home market in the busy pre-Christmas season. Exports fell sharply, particularly to Nigeria the principal overseas market.

The strength of sterling, long supply lines and extended credit terms financed at very high interest rates rendered much of this export business unprofitable, although most of the overseas companies operated profitably. This business area world-wide incurred a loss in aggregate.

Action is now being taken to match UK production to lower export levels and to reduce overhead costs which is expected to enable a return to profitable operations in 1980, the company says.

There was a net outflow of funds of £13.8m during the year. Capital spending rose 11 per cent to £48m and at year-end such spending sanctioned an outstanding amounted to £55.3m increased by £26.9m mainly due to British Aluminium's Lochaber smelter modernisation scheme.

Shareholders funds at December 31 totalled £367.7m (£350.2m). Borrowings were up £13.8m (down £15m) and working capital was down by £27.8m (£21.3m).

Profit included a full year's contribution from the joint venture industrial electrical business the 51 per cent interest in TI sold to General Electric Company of the U.S. at December 31.

See Lex

## HIGHLIGHTS

A spate of corporate results is headed by the preliminary figures from the second largest engineering company in Britain, Tube Investments, where profits have fallen from £80m to £52.2m. Lex examines these profits and those of British Aluminium, in which TI has a major presence. Here, profits dropped from £25.1m to £20.63m. Thomas Tilling, the conglomerate which is building a significant share of the U.S. medicare market, continues to make progress and annual profits have climbed from £64.9m to £81.1m. Elsewhere, Dickinson Robinson has lifted profits by 16 per cent to £27.7m, but Weir indicated strongly that there may be further upsets to come from the engineering sector. After a substantial cash outflow, mostly in the second half, the pump and desalination plant group has passed its final dividend. Bejam, the freezer group, is still advancing quickly, while Molins kept profits within sight of the previous record figure.

# DRG rises by 16% demand holding up

A RISE of £1.1m to £15.2m in the second-half left taxable profits of Dickinson Robinson Group 16 per cent ahead for 1979 at £27.7m, after almost doubled interest.

Turnover of the packaging, printing and specialised engineering group also rose by 16 per cent, to £520.4m.

Mr. John S. Camm, chairman, says the advance was achieved against the background of exchange rate pressure and severe cost increases which put strains on volume and margins.

So far in 1980, he adds, demand is holding up well in the UK and overseas and, although conditions will still be difficult, present forecasts indicate a further increase in earnings.

The directors' confidence is underpinned by the potential for improved performance resulting from the re-equipment programme and from the restructuring undertaken during 1979 and the early part of this year.

The net total dividend is stepped up to 8.5p (7.816p) for 1979, with a final of 5.5p. After tax of £9m (£7.9m), earnings per 25p share are shown to have risen from 17.6p to 20.8p—SSAP 15 has been adopted and comparisons restated.

The high interest rate combined with the extra requirement for cash during the middle six months of the year pushed up interest charges to £7.8m (£4m).

The chairman says margins came under pressure despite strong UK demand for the group's products in the first six months. Higher interest rates in the second half brought some de-stocking, but this was largely limited to fine papers and retail stationery.

In the UK—where trading profits improved to £23.9m (£18.3m)—packaging progressed towards the forecast recovery which would have been more pronounced had not the strength of sterling affected export profits of the flexible packaging business.

Consumer products activities maintained sales of the commercial range, but sales into the retail sector eased at the end of the year. The paper and board business benefited from further rationalisation, while in the engineering businesses the strike hindered progress.

Overseas trading profits rose by £2.1m to £10.6m. The South African operation, where 30 per cent of the equity was offered to the public, and the New Zealand operation both produced excellent results.

In Canada and Australia, however, the improved performances seen in 1978 were not matched. Papeteries de la Couronne S.A. produced a good result following its acquisition.

Cost increases throughout the group inflated working capital needs and at the interim stage there was a net cash outflow of £18m. During the second half, cash management was a priority, resulting in a second half inflow of funds of £10.5m after expenditure of £8m on new acquisitions.

| | 1979 £m | 1978 £m |
|---|---|---|
| Turnover | 520.4 | 447.0 |
| Sales to customers | 486.0 | 401.7 |
| Trading profit | 34.5 | 26.8 |
| UK | 23.9 | 18.3 |
| Overseas | 10.6 | 8.5 |
| Associates | 1.0 | 1.0 |
| Interest | 7.8 | 4.0 |
| Profit before tax | 27.7 | 23.8 |
| Tax | 9.0 | 7.9 |
| Net profit | 18.7 | 15.9 |
| Minorities | 1.3 | 1.2 |
| Extraord. debit† | 2.8 | 1.7 |
| Available | 14.6 | 13.0 |
| Dividends | 7.1 | 6.5 |
| Retained | 7.5 | 6.5 |

† Reorganisation costs.

See Lex

# Tilling raises profit 25% and pays 1p above forecast

BOOSTED BY a £12.8m contribution from new acquisitions, mainly in the U.S., 1979 pre-tax surplus of Thomas Tilling, industrial holding concern, moved ahead by 25 per cent from £64.9m to a record £81.1m, on sales up 38 per cent to £1.42bn. First-half profits had risen by £1.8m to £28.8m after trading in the first quarter had been hit by bad weather and industrial disruption in the UK.

A final dividend of 4p lifts the total net payment from 4.818p to 7p net per share, which is 1p above the level forecast last May at the time of the £57m rights issue. Stated net earnings rose 20 per cent from 24.6p to 29.4p per 20p share.

Profits before interest and tax exceeded £100m for the first time with a 39 per cent increase to £103.6m. The improvement at the pre-tax level, however, was reduced by a sharp lift in interest charges from £9.8m to £22.5m.

Tax charge was down from £11.1m to £10.5m, after relief of £32m (£23m) mainly in respect of stock relief and accelerated capital allowances. Extraordinary debits increased from £0.6m to £3.1m and the available surplus emerged £14.6m higher at £67.1m.

Preference dividends again accounted for £0.5m, ordinary payments absorbed £18.1m (£10.3m) and retained profits amounted to £48.5m, against £41.7m.

During the year, £76m was invested in acquisitions and £66m in fixed assets, while the group's balance sheet remained strong. Share capital and reserves increased by £132m to some £445m, and net borrowings rose by £61m to £152m.

There was a net surplus on revaluation of properties of £25.7m.

Net tangible assets at December 31, 1979 were 146p, against 120.2p a year earlier.

See Lex

# Hall Eng. advances by £1m

DESPITE a slowdown in growth in second-half profits, taxable surplus of Hall Engineering (Holdings) went ahead by £1m for 1979, to a record £6.3m. Turnover expanded from £77.62m to £97.68m for the full period.

And the dividend is boosted to 7p (4.942p) with a final of 3.9p.

At the interim stage directors reported a £630,000 rise in profits to £2.88m—last November they felt that following the end of the engineering dispute, results for the full year were not expected to have been unduly affected.

The year's tax charge is much higher at £2.24m, compared with £1.2m, leaving net profits down slightly at £4.07m (£4.1m)—earnings per 50p share are shown as 51.6p (43.58p) before tax, and 33.13p (33.61p) after.

Attributable balance was increased, however, to £4.6m (£3.72m), after an extraordinary credit of £543,000 (£379,000 debit), and minorities.

**● comment**

Hall Engineering has come through a very difficult year with pre-tax growth of almost a fifth. The improvement is based largely upon a three-month contribution from Tainton (of about £200,000) and a better showing by the group's South African interests, which account for around a quarter of group earnings. It had been the earlier disposal of the Bidston mini-mill which allowed the purchase of Tainton. Money from the £11m sale of Bidston is also bringing interest into the company and improving its cash position. The £543,000 extraordinary item was also related to the Bidston disposal. Prospects in the current year are not bad, particularly as reinforced concrete continues to sell well to both construction and non-construction customers. The total net dividend raised by 41.6 per cent, yields 7.8 per cent at 132p, up 4p. The p/e on a 33 per cent tax charge is 3.9.

# London & Manchester moves ahead

A 15 per cent increase in the transfer from life policyholders' funds, together with higher investment income resulted in the net profit of London and Manchester Assurance advancing from £2.14m to £2.46m in 1979.

A final dividend of 6.6p has been declared, making a total for the year of 12.5p gross against 10.80178p.

The life premium income rose by 22.2 per cent to £47.6m and the transfer to profit and loss amounted to £2.05m against £1.79m. The general branch had a loss of £284,000 against a loss in 1978 of £77,000, but investment income rose from £608,000 to £829,000.

The Board states that adverse weather conditions, particularly in the early part of last year, denied the company a contribution from underwriting profit on its general branch account.

# Second-half setback at BACO

AGAINST THE board's midway expectations, taxable profits of the British Aluminium Company, in which TI holds a 58 per cent interest, fell further in the second half of 1979 to finish at £20.63m, compared with the previous year's £25.1m. Turnover, however, helped by new acquisitions, increased from £210.6m to £277.5m for the year, with overseas sales accounting for a record 32.5 per cent.

When reporting half-time profits down from £12.63m to £11.05m, the directors said they expected the second-half result to be somewhat higher than in the first period, subject to the effects of industrial disputes and the strength of sterling. In the event, profits for the second six months declined from £12.47m to £9.58m.

The year's result was hit by external and internal industrial disputes, production problems, the large rise in power costs and high interest rates.

Trading profits for the year fell from £27.3m to £25.05m, while interest charges were almost doubled at £4.77m (£2.48m).

Stated earnings per 50p share decreased by 12.4p to 36.3p, but the net dividend total is effectively raised to 13.5p (12.5p) with a final of 8p.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Turnover | 277,498 | 210,552 |
| Trading profit | 25,051 | 27,302 |
| Associates' share | 350 | 274 |
| Interest paid | 4,771 | 2,478 |
| Profit before tax | 20,630 | 25,098 |
| Taxation | 2,859 | 3,090 |
| Net profit | 17,771 | 22,008 |
| To minorities | 130 | 30 |
| Earnings | 17,641 | 21,978 |
| Extraord. debits | 243 | †1,774 |
| Pref. dividends | 63 | 63 |
| Ord. dividends | 6,529 | 5,815 |
| Retained | 10,806 | 17,870 |

† Credits.

The company is disputing with the North of Scotland Hydro-Electric board certain charges for the supply of electricity to the Invergordon smelter, for which full provisions have been made in the accounts.

World production and consumption of aluminium reached record levels in 1979, but stocks of primary metal fell for the second successive year.

In the UK, consumption of primary aluminium increased by 4 per cent on the 1978 level, but as the semi-fabricating industry reduced its stocks the use of metal in these products was significantly higher.

# Better year for LBC

Trading profits of the London Broadcasting Company increased by over 62 per cent from 325,697 to £528,533 for the year to end-September, 1979. The company operates LBC, the news and information London radio station, and through IRN supplies a news service for the whole ILR network.

The trading improvement has enabled the company to repay all its outstanding loan stock and to reduce its losses by the end of September to £1.4m.

The directors say that during the first five months of the current year progress comparable to 1978-79 has been made and it is hoped that the company's losses will be further substantially reduced by the year-end.

# Manor National at £1.2m and paying 2.5p

WITH A rise in taxable profit from an annualised £1.01m to £1.22m Manor National Group Motors finished 1979 in line with its original November forecast. Given in connection with the offer for CGSB this forecast, of "not less than £1.2m," had later been revised downwards by £100,000 because of the then current trading conditions and rise in base lending rates.

Mr. R. A. Stoodley, the chairman, says that the company's development and expansion is well under way and negotiations are taking place with Ford Motor Company to develop other main dealer outlets.

"A firm base will assist to absorb future difficult trading and economic conditions," he adds.

As reported, profit for 1978 was £1.11m, comprising 12 months of Manchester Garages and 15 months of Oliver Rix.

Sales on this basis were £43.88m (£47.18m) in the year to December 31, 1979, and trading surplus reached £1.91m (£1.64m).

With tax taking £228,000 (£153,000) stated earnings per 20p share indicate a decline from 7.3p to 6.4p but, with the comparative annualised, there is an increase of 1.1p.

A net final dividend of 1.5p lifts the total to 2.5p, against a combined total for the merged companies of 2.144p. Dividends absorb £538,000 (£269,000).

There was no extraordinary gain this time of £52,000 (debit £261,000).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Armstrong Equip. ... int. | 1.01 | May 14 | 0.88 | — | 2.6 |
| Banrod Consd. Inds. | 2.43 | — | 1.72* | 3 | 2.19* |
| Bejam Group ... int. | 1 | April 24 | 0.58* | — | 1.63* |
| British Aluminium | 8 | May 12 | 7.5* | 13.5 | 12.5* |
| Dickinson Robinson | 5.5 | July 7 | 5.01 | 8.5 | 7.82 |
| Hall Eng. | 3.9 | May 2 | 2.47 | 7 | 4.94 |
| Hampson Inds. ... int. | 0.275 | March 31 | 0.250* | — | 0.727* |
| Horizon Travel | 5.48 | — | 4.02 | 7.35 | 5.64 |
| House of Lerose | 3.43 | June 9 | 2.55 | 5.26 | 4.38 |
| John I. Jacobs | 1.5 | May 20 | 1.35 | 2.1 | 1.9 |
| Jones and Shipman | 5.2 | — | 4.55 | 7.05 | 6.4 |
| London and Manchester | 5.6 | — | 4.47 | 8.75 | 7.24 |
| Hugh Mackay | 2.22 | May 13 | 2.22 | 3.62 | 3.62 |
| Manor National | 1.5 | June 2 | — | 2.5 | 2.14 |
| Medminster ... int. | 1.1 | April 10 | 1 | — | 2.25 |
| Metal Closures | 3.2 | May 19 | 2.81 | 5.4 | 4.71 |
| Molins | 5.7 | May 21 | 5.7 | 7.9 | 7.9 |
| Strong and Fisher | 2.8§ | April 3 | 2.08 | — | 6.08 |
| Thomas Tilling | 4 | May 23 | 2.62 | 7 | 4.82 |
| Trafford Park ... int. | 2.5 | April 25 | 1.96 | — | 4.96 |
| Tube Investments | 13 | May 13 | 12.42 | 25.5 | 23.4 |
| Vosper | 2 | May 15 | 2.69 | 4.6 | 5.19 |
| James Walker ... int. | 1 | April 29 | 0.83* | —‡ | 2.92* |
| Weir Group | Nil | — | 3.86 | 1.86 | 5.72 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 2.5p forecast. § Company's correction.

# Medminster ahead at halfway

More than doubled turnover helped push up taxable profits at Medminster, the furniture/hire/shipping and forwarding group, from £96,320 to £105,424 for the six months to December 31, 1979. Turnover was £5.1m compared with £2.4m.

Mr. John Delaney, the chairman, says profits would have been higher but for promotions concerned with the creation of two divisions, Camden Furniture Hire in London and Freight Agencies Macpak in Liverpool.

He says that the increased level of activity for shipping and freight interests appears to be continuing.

He points out that interest and bank charges were lower, £16,398 compared with £17,463, in spite of the high interest rates being charged during the period.

Mr. Delaney says the group has continued its policy of providing fully for deferred taxation, and a substantial part of the £61,000 charge relates to deferred taxation. Last time the charge was £54,750.

The net interim dividend is 1.1p compared with 1p. In the year to June 30, 1979, the dividend was 2.25p per 10p share.

## SPAIN

| March 19 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 224 | |
| Banco Central | 246 | |
| Banco Exterior | 208 | |
| Banco Hispano | 218 | |
| Banco Ind. Cat. | 130 | |
| Banco Madrid | 154 | |
| Banco Santander | 265 | |
| Banco Urquijo | 167 | |
| Banco Vizcaya | 230 | |
| Banco Zaragoza | 202 | |
| Dragados | 100 | |
| Espanola Zinc | 81 | |
| Fecsa | 57.2 | |
| Gal. Preciados | 33 | |
| Hidrola | 64.2 | |
| Iberduero | 58.2 | −0.5 |
| Petroleos | 106.2 | |
| Petroliber | 63 | |
| Sogefisa | 107 | |
| Telefonica | 54 | |
| Union Elect. | 62.5 | |

## MINING NEWS

# Palabora seeks to cut its fuel costs

BY PAUL CHEESERIGHT

PALABORA MINING, the South African copper producer in the Rio Tinto-Zinc group, is atudying a system of overbead electrical trolley lines to assist baul trucks at its open-pit mine in a bid to check the effects of sharp rises in fuel costs.

The move reflects deepening concern among mining companies about higher fuel costs. Palabora last year faced wbat it called yesterday a "dramatic escalation in fuel prices of 225 per cent."

Palabora'a case is probably exceptional in the sense that the South African authorities bave imposed levies to protect the national fuel situation. Fuel cost increases among U.S. mining groups last year are estimated, by contrast, to be about 20 per cent.

Haul trucks at Palabora—75 of them with capacities of 90 or 150 tonnes—currently consume more than 55m litres of diesel fuel a year. This consumption will increase as the mining rate increases and the pit becomes larger, Mr. G. A. Macmillan said in his annual statement.

However, there are preliminary indications that trolley assistance for trucks from overbead electrical lines and the conversion of baul trucks could effect "substantial savings," Mr. Macmillan went on.

Last year Palabora's cost per tonne of cathode produced rose 29 per cent to R1206 (£678) a tonne. Of this rise more tban 10 per cent came because of fuel costs.

Earlier moves to bold back fuel costs at Palabora bave included the introduction of a computerised control system for baul trucks. This ensures that the trucks automatically go to the sbovel waiting to provide a load.

The search for the maximum utilisation of equipment is going on through the RTZ group and is part of the wider industry effort to cbeck rising costs. A computerised truck control system Bougainville Copper, the RTZ has also been introduced at gronp producer in Papua New Guinea.

Copper producers are likely, however, to be shielded to some extent from rising costs by the state of tbe market.

Noting the rundown in the level of Londoo Metal Excbange stocks. Mr. Macmillan said: "This seems to indicate that demand for the metal has not diminisbed as was predicted due to an impending recession and could be developing."
that a tight suply situation

Palabora last year bad net profit of R45.29m (£25.4m) and distibuted dividends of R1.15 a sbare. The sbares io London yesterday were uncbanged at 625p.

# Unicorp shareholders accept

SHAREHOLDERS OF Uninn Corporation voted almost unanimously in favour of a complete merger with General Mining at a meeting in Jobannesburg yesterday.

Union Corporation will now become a wbolly-owned subsidiary of General Mining, subject only to the approval of tbe Supreme Court, wbich is expected to be granted next Tuesday.

The combined forces of the two groups will create South Africa's second largest mining finance bouse with assets of R2.7bo (£1.5bn).

The merger represents a significant move forward by Afrikaner financial interests towards winning a large role in the South African mining industry, dominated hy Mr. Harry Oppenheimer's Anglo American Corporation and De Beers Consolidated Mines gronp of companies.

General Mining gained majority control of Union Corporation in 1976 and last December announced it was bidding for outright ownership, offering Union Corporation shareholders 80 General Mining shares for every 100 Uoloo Corporation shares.

This deal was accepted by 97.3 per cent of Union Corporation sbareboIders. A total of 1,360 shareholders voted: 14.35m votes were cast in favour and 391,246 were cast against.

Although there hava been reports from Johannesburg in recent weeks that dissatisfaction with the merger terms was growing, opposition to tbe merger at the meeting was scant with, it is said, only two sbareholders querying it.

At a meeting of General Mining shareholders, a 30 for a 100 shares rights issue at R15 a share to raise R189m was approved.

In London yesterday General Mining ahares were 750p and those of Union Corporation were 580p.

### FALCONBRIDGE REORGANISES

Falconbridge Nickel, the second largest of the Canadian nickel groups, is planning a capital reorganisation, it was announced yesterday.

Subject to the approval of sbarebolders, it wants to reclasaify its "A" and "B" convertible sbares of no par value to common shares of no par value, to increase its authorised capital to 25m sbares from 7m, and to create an additional 7m preference sbares of C$25.

The directors will also ask sbareholders for approval to purcbase the company's own issued shares.

The main sbareholder in Falconbridge is McIntyre Mines with 37 per cent.

# Horizon passes £3.8m and proposes restructuring

SECOND HALF pre-tax profits of Horizon Travel, air holiday operator, rose from £2.61m to £3.32m and resulted in the figures for the year to November 30, 1979, increasing by £0.86m to £3.82m. Turnover jumped from £31.27m to £50.18m.

Stated earnings per 5p share are 30.86p (26.1p). The final dividend is raised from 4.01556p to 5.48p, making a total of 7.35p against 5.643p.

Tax charged was £2m (£1.56m), leaving net profit up from £1.39m to £1.81m.

The Board proposes a restructuring of the Horizon Group in which sbareholders would exchange their shares in Horizon for equal holdings in a new group holding company.

The principal objective of the proposed restructuring will be to create an organisational framework more appropriate to the group's enlarged and more complex activities.

The tonr operating company, which will be renamed Horizon Holidays, would be left to concentrate on its major activity of providing inclusive bolidays.

Horizon Holidays, Orion Airways and Venta del Bancal, the Spanish botel company, together with certain other group companies, would become wholly-owned subsidiaries of the new bolding company, to be known as Horizon Travel.

### ● comment

Despite unfavourable currency movemeots and beavy start-up costs for the new airline, Horizon has turned in a solid performance for 1979 and the shares rose 11p to 268p. At this level the historic p/e on the actual tax charge is 8.5 while the yield is 4 per cent. Although this may be a fair rating on current trading, it may disregard the earnings in store from capital allowances on aircraft acquisitions—a factor which raises the question of possible re-rating. This aside, the immediate trading position looks secure enough. Current bookings at 218,000 already outstrip the number of passengers carried for the whole of last summer and the projection is for an overall increase of more than a fifth. However profits are unlikely to maintain their recent impetus as load factors are not expected to match last year's high levels and, because of the aircraft purchases, the company will not be able to take advantage of current interest rates.

# Jones & Shipman £0.38m off

THE ENGINEERS' dispute hit A. A. Jones and Shipman in the second balf, as expected, and profits for that period fell from £1.8m to £1.27m. This left the pre-tax surplus for 1979 lower at £2.54m, against £2.92m.

Turnover of the group, which makes bigh precision machine tools, improved from £16.96m to £18.8m.

The net total dividend is increased from 6.4p to 7.05p, with a 5.2p final. A one-for-one scrip issue is also proposed. After a considerebly reduced tax cbarge of £735,000 (£1.3m), stated earnings per 25p sbare are np from 26.9p to 30.3p.

### ● comment

Jones and Shipman might well bave done about £0.5m better at the pre-tax level bad it not been for the engineering strike. The other mein reason for its 13 per cent fall in earnings stems from disruption in production associated with its £1.8m capital expenditure programme. Over the past year, with about £400,000 worth of Government aid, tbe group bas been doubling its surface grinder manufacturing capacity and improving its ptant and machinery. The move seems worth while in view of the fact that the order book is solid for the next 10 months. Although it sells to a broad spectrum of companies, the group is able to maintain sales because about 45 per cent of its machine tools are exported to the Continent, the Far East and North America. Also, its grinding machines are a staple tool for many UK companies. The total net dividend is up 10 per cent and yields 7 per cent at 148p, down 2p. The p/e on actual tax comes to 4.7.

The extraordinary items comprised the write-off of goodwill amounting to £17,970 arising on consolidation, and reorganisation and compensation costs of £8,548.

Earnings per 10p share are shown as 1.3p, compared with 0.19p loss.

As a result of last year's rights issue net assets bave increased from £47,120 to £319,045, as at December 31, 1979. A further 953,000 ordinary shares were issued at a premium earlier this mnnth which will rank for the 1979 dividend.

# Upsurge for Trafford Park Est.

FOR THE half year ended December 31, 1979, Trafford Park Estates has shown an advance in profit from £547,192 to £705,409. Turnover rose by nearly £0.5m to £2.08m.

The interim dividend Is raised from 1.96183p to 2.25p net per 25p share; the final for 1978-79 was 3p.

After tax of £312,919 (£206,000), attributable profit for the balf year came out at £373,992 (£325,038).

Most of the Trafford Park group is engaged in the develnpment of industrial and commercial properties. The rent roll in 1978-79 accounted for 98 per cent of profits.

## W. Goodkind

On lower turnover of £421,810 against £524,158 W. Goodkind and Sons, fur manufacturer, announces a turnround from a £2,546 loss to profits of £21,759 at the pre-tax level for 1979.

Also the company is returning to the dividend list with a nominal 0.05p net interim, the first payment since 1974—in February the directors forecast not less than 0.15p for 1980.

However, there was a tax charge for the year of £1,515 (nil), and an extraordinary debit of £26,518 (nil), leaving a loss of £6,274 (£2,546).

## BIDS AND DEALS

# Forward Trust stake in finance side will cut Cowie borrowings

Forward Trust, the Midland Bank offshoot, Is taking a 50 per cent stake in the finance division of T. Cowie, the Sunderland-based motor dealer, for £1.5m cash. The deal will result in a substantial cut in Cowia's borrowings.

This deal with Forward, Midland's instalment credit leasing and factoring subsidiary, follows the sale by Cowie in December of Red Dragon Securities, its banking subsidiary, to Ayco Financial Services for £2.2m cash.

Tbe purchase of the stake in the financa division (comprising Cowie Contract Hire, Broadwood Finance Company, and Cowie Lease) will be acbieved by Forward subscribing for new sbares in a company to be renamed Cowie Financial Services. CFS will bave acquired Cowie's finance division wbich is involved in vehicle contract hire, hire purchase and leasing.

Forward has undertaken to provide CFS with future finance facilities to meet planned growth at favourable rates of interest as compared to present borrowings.

Tbe profit, before tax, of the finance division fnr the year ended September 30, 1979, amounted to £364,000, after deducting management charges of £60,000. This compares with a total group pre-tax profit of £2.1m.

Mr. T. Cowie, the chairman, considers that tha present earnings of tbe group will not be adversely affected by the restructuring of the finance division. The reduction in the sbare of the division's earnings will be compensated both by interest on the proceeds and by the significant reduction in future interest costs resulting from the Forward fioancing facility.

The chairman said that although the divisioo had achieved substantial earnings growth in recent years, its operations had been restricted because of the need to limit overall group borrowings.

Cowie is selling the finance stake at net asset value and in return will receiva a dividend of £790,000 and the balance of the consideration by the repayment of inter-ocpany loans.

The exteroal borrowings of the finance division amounted to £6m at September 30, 1979 and since CFS will cease to be a Cowie subsidiary, overall borrowings of the group will be substantially reduced. Including the Red Dragon sale, total group borrowings will have been cut back by £16m, with net assets per sbare rising from 77.4p to 85.8p.

These de-gearing moves are widely though to be a prelude to a bid for George Ewer, the motor coach operator, where Cowle has built up a stake of 29.996 per cent—just below the level which would trigger a full bid under the takeover rules.

### NORFOLK CAPITAL SELLS TWO HOTELS

Norfolk Capital Gronp, beaded by Mr. Maxwell Josepb wbo also chairs the Grand Metropolitan group, is selling two more of its London botels.

Tbis time, tbe buyer Is Mr. Nazmur Virani. Earlier this month, itwas announced that Grand Metropolitan bad sold five London hotels to the private Chrysanta company for £10m. Chrysanta is also paying Norfolk £750,000 for the Eros Hotel in Piccadilly.

Norfolk Is selling the Eccleston Hotel and the Southway Hotel, both freeholds, for £2.7m cash. Botb are in London's Victoria district, wbere Mr. Virani already owns botels.

The Eccleston is being sold as a going concern along with a leasehold property in Eccleston Square, used partly for staff accommodation. The Southway is used as a staff hotel. The total book value is £2.55m, and net trading profits and rent receivable was £205,600 last year.

# French concern paying £6m for RTZ Chemicals offshoot

RTZ CHEMICALS is to sell its Sterling Thermoplastics subsidiary to Ato Chemical Products, part of the Frencb-based Ato Chimie group, at an estimated price of about £6m.

RTZ Chemicals, part of Rio Tinto Zinc, acquired Sterling Thermoplastics last year wben it bought United Sterling Corporation. But it said yesterday that Sterling, which produces polystyrene at Stalybridge near Manchester, did not fit in well with the rest of its businesses.

Polystyrene is a plastics raw material used in the making of such items as refrigerator linings and food containers. Most of the products acquired under the United Sterling deal were more specialised and included plastic moulding maoterials and coated papers.

Ato said the deal, wbich is subject to approval by the appropriate authorities, was in line with its policy of extending its manufacturing capacity, internationally.

### GLASGOW MOVE FOR MCANALLY MONTGOMERY

McAnally Montgomery, one of tbe smaller but growing stockbroking firms, is to take over the Glasgow brancb office of Capel-Cure Myers. The two brokers bave agreed to the purchase which will take effect from April 28.

Capel-Cure has been reorganising its operations outside London and will concentrate its Scottisb business in its Edinburgh office.

McAnally, which bad its nrigins in Scotland, has traditionally enjoyed a significant business with Scottish institutions and private clients, as well as long associations with Northern Ireland, and the purcbase provides a focal point for that business.

Yesterday, Mr. Peter Ensor, cbairman of McAnally, said that the move could be seen as the first in a series of planned expansions.



### U.S. DIRECTORS INCREASE SHARES IN CHANGE WARES

The shares in Change Wares held by Mr. Geoffrey Rose, the former chairman, have been acquired by Mr. B. A. Selzer and Mr. D. J. Sullivan, the two U.S. directors on the reconstructed board.

The two directors, as general partners of Page Mill Group (where they have an equal interest in the partnership), have purchased 50,000 Change Wares ordinary at 8.8p and 650,000 12 per cent convertible preference at 9.285p. The ordinary closed ½p lower at 6p yesterday.

This purchase takes the holding of Page Mill to 469,375 ordinary and 1,473,047 preference.

Mr. Rose resigned from the Board in January along with five other directors in wbat was described as an amicable parting. He joined the group in July 1977 just after it had plunged Into losses for the first time since it went public in 1970.

In 1976-77 the group bad a loss of £665,000 but last year it had a pre-tax profit of £615,000. In the first half of the current year profits have increased from £280,000 to £326,000 but the directors have aaid that the figures are not Indicative of the results for the full year.

### ROWLAND INCREASES LONRHO STAKE

Mr. "Tiny" Rowland has bought another 250,000 ordinary Lonrho shares (0.12 per cent of the capital) at an average price of 90p per share. Together with the 32,226,845 sbares in whicb be is already interested, including the voting rights which be controls over the 5,000,000 shares held by Mr. Daniel K. Ludwig, Mr. Rowland now controls 15.01 per cent of the voting capital of the company.

### WARING & GILLOW

Waring and Gillow purcbased 150,000 ordinary sbares of 10p eacb in Maple and Co. at 30p on March 18, 1979.

## Birmingham & District

Profits of Birmingham and District Investment Trust, a subsidiary of British Electric Traction Group, increased from £1.93m to £2.66m for 1979, after tax of £936,772 against £817,389.

Earnings per 10p share are sbown as 7.6p (5.43p) and the dividend is lifted from 5p to 7p with a final payment of 5p.

After all dividend costs, the amount retained was £200,384 compared with £142,944.

Net asset value is given as 128.86p (114p).

Profits of Electrical and Industrial Investment Company, another subsidiary of BET, rose from £558,660 to £800,339 for 1979, after tax up from £212,546 to £252,038.

Earnings per £1 deferred ordinary share are shown as 791p (550p) and the dividend is increased to 685p (475p) with a final of 495p.

# Weir falls £5.5m and omits final dividend

A SECOND half loss of £1.27m, against £3.1m profits, has left the taxable surplus of Weir Group well down at £2.08m for 1979, compared with £7.6m. Turnover fell by some £23m from £183.5m to £160.3m.

And the final dividend is being passed leaving the year's total at 1.8634p net per 25p share, against 5.7233p last time.

The directors of this Glasgow-based engineering, foundries and water-plant concern, state that trading conditions continue to be difficult and they give no specific forecast, but they believe that in 1980, firm evidence of recovery and resumed growth will emerge.

Tax for the year took £1.43m (£2.29m) and minorities £313,000 (£183,000).

There was an attributable loss of £7.9m (£4.94m profit) after extraordinary debits of £8.25m (£184,000), which included £7.67m provision for closure costs.

Earnings per share are shown to have slumped from 20.6p to 1.4p.

The directors explain that poor results in the engineering and foundry companies were mainly due to the national transport and engineering strikes, weak markets, high inflation and the increased strength of sterling. These added to the damage caused by Weir's own strikes at the end of 1978, one of which, at Catton and Co. in Leeds, went on with particularly serious effects into the first six weeks of 1979.

The group's steel foundries also suffered badly from the worst UK market conditions for several years, they add.

Two foundry companies will be closed and the valve manufacturing interests, disposed of. The effect will be to eliminate major loss-makers and to allow the group to concentrate on its profitable operations, the directors state.

**● comment**

Supposedly braced for an unpleasant sequence of bad news from the engineering sector, the market may still face more shocks. Despite heavy losses at Stothert and Pitt, a severe downturn and a passed final dividend from Weir had been almost entirely unsuspected. Shares in both companies had been standing on an historic yield of around 15 per cent which, on the face of it, had not been signalling an obvious dividend cut. Weir faces a tough battle. The cash outflow last year was around £20m and although it can of course blame the engineers' strike, the effects of its own disputes and high debt financing costs, the upshot is a balance sheet which is now 106 per cent geared. The clear need now is to find substantial replacement desalination orders but it is a grim fact that Far Eastern competition is undercutting British contractors by at least 30 per cent on price and a recovery route will be difficult to find. Weir has been able to cut out some of the worst loss makers and two of the remaining foundries are fairly well loaded for most of this year but a share price of 40p, down 14p last night, may have to wait some time for a re-rating.

## Electric & General

Profits of Electric and General Investment Co. came out higher at £39,31 against £288,148 for the nine months ended February 29, 1980, after expenses, and tax of £218,509, compared with £174,201.

Gross income advanced from £665,034 to £807,432.

After tax earnings per 25p share are shown to have improved by 38 per cent from 1.69p to 2.2p. Net assets are given as 120.2p (113p) per share.

The company has made arrangements to repay outstanding currency loans of US$5,000 and Yen 244.5m.

## House of Lerose picks up

AFTER THE midway reduction from £564,071 to £403,156, the House of Lerose, ladies' knitted outerwear concern, made some recovery in profitability to finish the year with pre-tax profits marginally lower at £1.19m, compared with £1.21m. External sales improved from £16.23m to £17.08m.

Profits were after charging exchange losses of £86,010 (£127,461 profits) and further exceptional costs of £330,000 (£205,000) to complete the planned reduction of the company's manufacturing facilities based in the Netherlands.

Earnings per 25p share are shown as 10.85p (11.53p) including exchange adjustments, and as 12.31p (9.32p) excluding the same. The dividend total is stepped up from 4.3783p to 5.26p net, with a final of 3.43p.

# Metal Closures profit unchanged

TAXABLE PROFITS of Metal Closures were unchanged in 1979 at £5.81m, following a £0.32m slip in the second half. Turnover improved from £54.48m to £62.34m.

Mr. J. Boden, chairman, says the considerable loss of profits caused by the effects of the engineering strike was largely offset by good overseas results.

A marked fall-off in customer orders in some areas is now apparent, although there has been no recent loss of business to competition. This could be an indication of a general downturn in demand, he adds.

He is unable to make a forecast for 1980 but believes the group will do well despite the difficulties facing all industry.

The net total dividend is raised from 4.7052p to 5.4p, with a final of 3.2p. After tax of £1.41m (£1.97m) on an SSAP 15 basis, earnings per 25p share are given as 20.37p, against 18.11p.

Retained profit of the group, which makes and sells metal and plastic products mainly for packaging, came through ahead from £2.7m to £3.08m.

**● comment**

Metal Closures has been fortunate in seeing engineering strike damage offset by the performance of its South African subsidiary—the amount involved being in the order of £500,000. South Africa made up around 30 per cent of profits on 20 per cent of turnover for the year, against only a fifth of profits in 1978. Fearing worse after the cautious interim statement, the market put 4p on the shares to 112p, where the historic fully-taxed p/e is eight and the yield 7 per cent. Neither of these ratings is particularly generous, but perhaps both the market and company are right in their caution, in view of the current year's slow start. Demand for plastics is down, though the group declines to quantify by how much. But thanks to the group's policy of stocking only to delivery levels and avoiding borrowings, the workforce would look to be more vulnerable than the balance sheet if the demand recession persists.

# Molins £0.6m down year end

A £0.6m fall in taxable profits, wholly attributable to the paper and packaging machinery side, is reported by Molins, for 1979.

Sales went ahead from £105.5m to £111.2m but the pre-tax surplus finished at £11m against a record £11.6m.

The directors say that the two main causes were the engineering strike at Masson Scott Thrissell Engineering, and the higher than anticipated costs of introducing new products at Langston, during a period of severe competition—trading profits of this division were down from £1.4m to £0.8m.

Profits of the group's main interest, tobacco machinery, were unchanged at £11.7m.

Long term prospects for the group are encouraging, and although 1980 will be another difficult year, particularly for paper and packaging, the directors says they hope to be able to report that sales and trading profits are comparable with those of 1979.

At halfway, profits had edged ahead to £5.3m (£5.1m) but directors felt it imprudent to make a forecast for the full year.

| | 1979 £m | 1978 £m |
|---|---|---|
| Sales | 111.2 | 105.5 |
| Tobacco machinery | 75.5 | 75.1 |
| Paper, packaging | 35.7 | 30.4 |
| Depreciation | 2.8 | 2.6 |
| Trading profit | 12.5 | 13.1 |
| Tobacco | 11.7 | 11.7 |
| Paper | 0.8 | 1.4 |
| Interest | 1.5 | 1.5 |
| Pre-tax profits | 11.0 | 11.6 |
| Tax | 2.8 | 4.5 |
| Net profit | 8.2 | 6.7 |
| Minorities | — | 0.1 |
| Attributable | 8.2 | 6.8 |
| Retained | 5.8 | 4.3 |

A lower tax charge, of £2.8m compared with £4.9m, has left net profits higher at £8.2m (£6.7m) giving earnings of 27.8p (22.4p) per 25p share—pre-tax earnings are shown as 37.2p (39p).

The dividend is maintained at 5.698p net with an unchanged final payment of 2.2p.

Order book for the tobacco machinery division for the current year is, on the whole, good, the directors state. And at Masson Scott, inquiry and order activity is satisfactory, although orders at Langston reflects the cut-back in demand caused by the expected recession in the U.S.

**● comment**

After an encouraging recovery from losses last year, the Molins paper and packaging division has again *suffered* a setback, prompted this time by the engineering strike (which may have knocked £600,000 off group profits) and by the cost of introducing new products. These difficulties are now out of the way but order levels are not yet satisfactory—in contrast to the tobacco division, which has a full order book for the rest of the year. The strength of sterling remains a worrying feature since around three-quarters of group production is exported on the overseas manufacturing units are in areas which have seen a strong slide against the pound. Molins is itself taking a very cautious stance by holding the dividend despite a rise in attributable earnings of almost a quarter. This leaves the shares, at 108p, on a yield of 11 per cent which provides some compensation for the poor prospects. The p/e is 3.7 on published earnings.

## CLUFF OIL

Cluff Oil announces that acceptances have been received in respect of 79.4 per cent of the 1.02m new shares offered by way of rights at 330p per share.

Any of the shares not sold in the market at a premium over the issue price will be subscribed for by the underwriter, Baring Brothers.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Capseals, City of Aberdeen Land Association, Cope Allman International, Courtney Pope, J. and J. Makin Paper Mills, Mills and Allen International, Photo-Me International, Pressac, Renong Tin Dredging, Second City Properties, F. W. Thorpe, Wolseley-Hughes.

Finals: Barclays Bank, Boddingtons Breweries, C. T. Bowring, Bronx Engineering, Fife Forge, Hepworth Ceramic, Jamesons Chocolates, Lex Service, Liverpool Daily Post and Echo, New Equipment, Norvic Securities, Philips' Lamps, Sharpe and Fisher, Smerley, Stone-Platt Industries, Tate of Leeds, Tricentrol, James Wilkes, Winston Estates.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Adwest | Apr. 11 |
| Bluebird Confectionery | Mar. 27 |
| Merrin (R. P.) | Apr. 3 |
| Standard Industrial | Mar. 25 |
| Finals— | |
| Coates Brothers | Mar. 27 |
| Firmin | Mar. 28 |
| Kinghall Tin (Malaysia) | Mar. 27 |
| Lead Industries | Apr. 10 |
| Tarmac | †Apr. 29 |
| Transatlantic Market Trust | Apr. 2 |
| Upton (E.) | Apr. 3 |
| Wills (George) | Mar. 26 |

† Amended.

# Armstrong £4.3m midway but UK contributes little

PRE-TAX profits of Armstrong Equipment improved from £4.27m to £4.31m in the six months to December 30, 1979, despite manufacturing and trading being badly affected by the engineers' strike. Little profits was possible in the UK during the first quarter.

The board, however, considers the half-year results to be satisfactory.

An interim net dividend of 1.011p is recommended against 0.88p—last year's total was 2.6p. The dividend, together with ACT, will absorb a gross amount of £742,000.

The steel strike, although affecting most of the group's companies only slightly, has had a major effect on two of the recently acquired companies whose steel stocks were not adequate to meet the emergency, and where secondary supplies could not readily be obtained.

The period under review has seen the sale of the company's wholesale automotive parts business to GKN and the acquisition from them of two major companies in the fastenings business.

In addition, the Blackheath Stamping Company was acquired from the Deritend Group in November. Good progress was being made with all acquisitions which had been made over the past two years.

The group continued to broaden its base and steady progress has continued, not only in acquisitions but also in the establishment of specialised automotive parts, fitting shops and regional automotive parts distribution warehouses.

Most of the group investments are in the UK and would be affected by any further major national or customer strikes, or by a rapid decline in the economy, but given a reasonably steady state the belief is that further and continued progress can be maintained.

External sales during the first six months climbed from £43.91m to £56.87m. Tax was virtually unchanged at £1.57m (£1.56m).

**● comment**

In a period of rapid transition, profit comparisons at Armstrong are not easy to make. The least that can be said, however, is that turnover has grown surprisingly well in the absence of the Autoparts network and second quarter profits have recovered quickly from the strike-affected July-September period, which probably made little or no money. It would be wrong, perhaps, to annualise the results of the second quarter and project profits of some £16m in a year of industrial piece but as the OE contribution declines to, say, 20 per cent of total sales, the after market is expanding steadily and Armstrong has yet to make much from its investment in the AAD fitting shops and distribution warehouses. The market is going for about £9.4m this time for a p/e of 5.6. Acquisitions have been proving themselves extremely fast and it seems a reasonable bet that further purchases, probably in the field of heavy batteries and heavy pressework, will be on the way. The balance sheet is, after all, only 22 per cent geared and only Newton (with a projected loss of about £250,000 this year) is proving difficult. The shares added 3½p to 50½p yesterday and there should be scope in lift an instore yield of 7.5 per cent.

# Jas. Walker first half rise

AN INCREASE of £227,000 in first-half taxable profits is reported by James Walker Goldsmith and Silversmith, lifting the surplus for the six months to December 31, 1979 from £1.1m to £1.33m.

An interim dividend of 1p compares with an equivalent 0.8333p — last year's total, adjusted for a one-for-five scrip issue, was 2.9166p, paid from pre-tax profits of £3.44m (£3.02m). In his annual statement, the chairman anticipated recommending dividends totalling 3.5p for the current year.

Turnover in the six months improved from £8.68m to £10.32m excluding VAT. The tax charge is £690,000 (£573,000).

**● comment**

With precious metal prices in such a volatile state it is no wonder that the market is feeling skittish towards retail jewellers. In James Walker's case, the price yesterday dropped 7p to 95p—in spite of the announcement of a one-fifth profits rise in the first half. Admittedly, the company has had problems in keeping margins intact following the sharp rise in VAT but the full impact of price rises will only be felt in the second half. One helpful factor will be that Walker has a slower rate of stock turn than other retail jewellers, so the effect of price changes can to some extent be cushioned. The company's cash balances have been reduced by the recent acquisitions but the additional income should help profits to top £4m this year. This would put the shares on a fully-taxed prospective p/e of 9.9 and a yield of 5.3 assuming a 20 per cent *dividends rise.*

## Scottish Equitable investment

Scottish Equitable Life Assurance Society was a heavy investor in the gilt market last year, putting nearly two-thirds of its new money — £54m — to this sector. In contrast, it invested only £7m — 8 per cent of new money — in UK equities and a further £2m in overseas equities, mostly in the U.S.

The society continued with its property investment programme, investing £13m in 1979, with a further £7m in mortgages, mostly top-ups in the private sector. It acquired a further 1,500 acres of woodland in the south of Scotland, adding to its forestry investment portfolio.

The long-term business fund advanced by nearly £86m last year from £330m at the beginning of the year to £415.6m at the end. Premium income rose by 35 per cent to £82.4m and investment income by one-third to £40.3m. Claims were 20 per cent higher at £22.8m and commission and expenses rose 30 per cent to £12.1m — the expense ratio rising from 18.3 per cent to 18.6 per cent. But last year's expenses included the written off costs of the computer link-up to branches.

At the end of the year, the society held nearly half its assets in gilts at £200m. The equity portfolio was valued at £91.4m

## Improvement to continue at F. Pratt

The current year at F. Pratt Engineering Corporation started with a good order book and with the precautionary measures taken to counter the worst effects of the steel strike, the first six months of 1979-80 should reflect the improvement seen in the second half of last year, Mr. A. M. G. Galliers-Pratt, chairman, told the annual meeting.

# Vosper cuts its dividend

PROFITS before tax of Vosper, shipbuilder, shiprepairer and engineer, were lower in the year to October 31, 1979, as expected, and the final dividend is being reduced.

The taxable surplus fell from £1.69m to £1.35m, on turnover down from £17.65m to £11.5m. The reduced final dividend of 2p (2.6912p) leaves the total at 4.6p, against 5.1912p.

The directors of the company, which is a subsidiary of David Brown Holdings, say that almost three years after nationalisation of the shipbuilding and shiprepairing side, the Government has still not paid fair compensation for the affected assets.

This has inevitably had an adverse impact on the results, they add. Apart from the absence of income from this source, redevelopment continues to be severely inhibited.

At midway, the pre-tax surplus was down from £918,608 to £795,981. The directors expected that full-year profits would be somewhat lower than last time, and as a result they deferred any forecast of the final dividend.

Tax for the year took £613,030, against £914,903, giving stated earnings per 25p share of 12.17p (12.92p).

A revaluation of investments resulted in a deficit of £47,154, compared with a profit of £771,365.

The run-down of the loss-making operations in the company's associate is now virtually complete, but has necessitated a further provision of £299,129 (£500,000). This left the available balance sharply lower at £387,018 (£1.05m).

Vosper Private, Singapore, made a satisfactory profit although somewhat less than the previous year, the directors say.

## ● comment

The chorus of "why are we waiting" is rightly rolled out again at Vosper. Turnover sinks, while the government sits on what the company says is £25m worth of largely uncompensated nationalised assets. The rump of the business has had a tough time, with further and hopefully final provisions against loss-making David Brown-Vosper (Offshore). Investment and income interest is down from £688,000 to £520,000, since 1978 included retrospective interest on the £1.35m government payment on account. The Hovermarine acquisition is a foot back in UK waters, but unlikely to make significant returns until next year. Vosper is now quite tight for cash—the £6.5m deposits in last year's accounts were largely accounted for by progress payments which have since run down, while turnover and profits look to have bottomed out, this is still a waiting game. The 150p share price, down 13p, capitalises Vosper at just over £9m, round about net assets if the government paid its minimal £4.5m offer.

# Weeks Petroleum makes discovery in Louisiana

BY STEPHEN THOMPSON

WEEKS PETROLEUM, the Bermuda-based oil and gas exploration company in which National Carbonising has a 7.25 per cent stake, has made an encouraging oil discovery in southwestern Louisiana in the U.S. The well is in the North Cowpen Creek field and was drilled to a depth of 8,800 ft.

Four prospective producing zones were encountered, three oil and one gas. The well was completed in the lower sand as a flowing oil well. The other prospective producing sands will be tested in four future wells, the first of which is expected to commence in two weeks.

The discovery well is currently flowing at a rate of 100 barrels a day, the maximum allowed by government regulations for a well drilled to this depth, because of possible damage to the reservoir from the entry of water.

However, Mr. H. A. Nedom, chief executive of Weeks, said yesterday that the well has an estimated daily capacity of between 2,000 to 2,500 barrels. He added that the oil is high quality "sweet oil" of 45 degrees API. A quantity of oil has already been sold at U.S.$40 a barrel.

Following the success of the discovery well Weeks has been purchasing leases to acreage adjacent to the find. Weeks is the major participant, with 30 per cent, of a consortium of companies involved in the project. Other participants include Mara Minerals, Ogle Petroleum, Yankee Petroleum and Petroleum Engineers. News of the discovery encouraged a 15p rise in Weeks Petroleum's shares to 335p yesterday.

# Bejam jumps 50% midway and expects further rise

TAXABLE PROFITS of Bejam Group jumped by 50 per cent in the first half to December 31, 1979, rising from £2.74m to £4.1m on turnover of £79.93m against £58.25m.

Directors are confident that profits in the second half will exceed those of the same period last year, when the surplus was £3.31m. The percentage increase is not expected to be as great as in the first half, however, when turnover benefited from severe weather conditions and industrial disputes.

An interim dividend of 1p compares with an equivalent 0.5775p—last year's total, adjusted for a one-for-three scrip issue, was 1.6275p. The board intends that the total for the current year should be more evenly divided between interim and final.

The dividend absorbs £724,000 (£417,000) and six months' tax takes £764,000 (£509,000). Stated earnings per 10p share are up from 3.08p to 4.62p.

The improvement in profits came almost entirely from the main business of frozen food and freezers. The restaurant division, which began trading in June, 1979, following the acquisition of 35 restaurants from EMI, made a small contribution to interest charges and overheads, say the directors.

Eight of the restaurants have so far been sold for a total of £1.38m less selling costs, and contracts have been exchanged for the sale of a further 12.

Of the 13 restaurants to be retained, two will accommodate Trumps Hamburger Restaurants, and four will house the new Hungry Fishermen concept, which the directors say applies fast-food systems to the production of traditional fish and chips. In addition, four separately-acquired branches of Trumps are now operating or being fitted out.

Referring to the purchase on March 3 of 16 Fine Fare Discount Freezer Food Centres for £2.9m, the directors say they expect significant benefits to accrue from the acquisition, which will enable central costs to be spread over a wide base.

Twelve of the stores are in towns where Bejam is not at present represented; the remaining four will continue to operate until their future is determined in conjunction with that of nearby Bejam branches.

The group's policy of closing smaller centres and replacing them with larger ones has been continued in the first half, and there are now 151 branches with a total selling area of 527,000 square feet.

## ● comment

In spite of the fact that last year's first half performance was disappointing, Bejam's latest results—profits are 50 per cent higher—are impressive. While other food retailers have to compete vigorously, Bejam appears to have secured for itself a profitable niche in the deep freeze market. The food centres, the cornerstone of the business, did particularly well with a volume gain of around a fifth while sales of freezers (less than a tenth of group sales) were steady at roughly 43,000 units. Clearly, though, it would be unreasonable to expect the company to maintain this rate of growth, if only because the weather this winter has not been particularly severe and industrial disputes not as frequent as last year. In addition, the cash position will not look as healthy due to the £2.9m outlay for Fine Fare's freezer operation and the capital expenditure incurred on converting many of the restaurants—some of which have been sold—bought from EMI. Nevertheless, profits of at least £7.6m look likely for the year, an increase of more than a quarter. At 81p, up 4p, this puts the shares on a prospective fully-taxed p/e of 12 while the yield is [illegible] per cent assuming a 1.2p final.

# Receivership for two companies

Adverse trade conditions and contract losses have forced the directors of H. J. Maunders, the Cheddar building contractor, to put the company into receivership.

For the time being the company, which employs some 70 people, continues to trade while the Receiver, Mr. Ian Melsine, of Touche Ross and Co., conducts a review of its business.

A Receiver has also been appointed at Darlington based W. Richardson and Co., a heating, ventilating and general engineering concern employing 170 people. He is Mr. E. Marquis of Peat Marwick Mitchell and Co.

# H. Mackay falls in second half

IN A very difficult year, Hugh Mackay and Co. reports a drop in 1979 profits from £650,083 to £534,669. The company makes Durham carpets, and the expected and normal UK retail sales volume during the autumn never materialised. Turnover for the year was £9.95m (£8.67m).

For the first six months, profit had risen from £218,000 to £374,000.

After a lower tax charge, however, net earnings per share are up from 7.66p to 8.54p, and the dividend is held at 3.62p net with a final of 2.22p.

# Hampson ahead at six months

PRE-TAX PROFIT at Hampson Industries, the engineering and industrial cleaning group, advanced from £274,180 to £321,410 in the six months to September 30, 1979. Turnover rose from £6.74m to £7.94m.

The tax charge was £167,133 compared with £142,574. The interim dividend is effectively increased to 0.275p (0.25p). Last year's equivalent total of 0.7272p was paid from profits of £584,118 (£614,194).

# Banro ahead despite problems

DESPITE INDUSTRIAL difficulties brought about through the road haulage dispute and engineering workers' strike, pre-tax profits of Banro Consolidated Industries improved from £1.07m to £1.16m in the year to December 31, 1979. Second-half profits showed a modest increase from £578,000 to £604,000.

The final net dividend is 2.425p, making a total of 3p. This is a 36.5 per cent increase on last year's adjusted 2.197p.

The full year's sales of the group, whose main activities are the manufacture of framed windows, rolled sections, pressings, car body components, and decorative trim for domestic appliance and motor industries, increased from £14.76m to £15.78m. Tax was substantially lower at £221,360 against £531,131, and dividends absorbed £180,737 (£117,659).

Mr. Edward Rose, the chairman, says in his report that the finances of the group are sound. He confirms that the acquisition of Etablissements Farnier and Penin in France will add to the growth and profitability of the group generally.

He adds: "With this first major foothold in Europe, we expect expansion of product lines, and the group's existing UK and potential customers will benefit from the increased range of products which will be available. The group will continue to pursue its policy in looking for suitable acquisitions."

He says the current financial period has started well with profits to date ahead of the corresponding period last year. The enlargement of the group should enable it to take full advantage of potential growth in the future and there is every confidence that business will be expanded.

Stated earnings per 20p share are up from 9.9p to 17.2p.

Raleigh · Silencers · Creda · Archer · British Aluminium · Matrix · Reynolds · Parkray · Metsec · Glow-Worm · Chesterfield · Russell Hobbs · Tubes · Round Oak · Drynamels · Cox · Desford · Sunhouse · Crane Packing · Crypton · & Pollock · New World · Fords

# TI strength in domestic appliances

## Growth record marred by engineering strike

## Industry needs support for exports

**TI Chairman, Sir Brian Kellett, in a press interview yesterday warned that some parts of manufacturing industry were in a battle for survival against high interest rates and strong sterling. Manufacturing industry accounts for two-thirds of the country's exports of goods and services. It is therefore vital to our future that it should survive in sufficient health to play its part in national recovery in due course. Government could help, at least with a lifeline of reduced interest rates for manufactured exports.**

**Results**

External sales increased by 10% to £1213.8m but trading profit declined from £89.7m to £73.5m. Interest charges in total increased from £15.1m to £23.1m largely as a result of higher interest rates.

Profit before tax at £52.2m was £27.8m lower than in 1978. The tax charge was £12.3m compared with £17.3m and earnings for the year before extraordinary items were £31.6m compared with £49.8m.

1979 was a year of disappointment, marring the record of increased profits year by year over a long period. The results were dominated by a number of major external factors, principal among which was the engineering strike which began in August and ended in October, causing a loss of pre-tax profit approaching £20m. The results also reflect high interest rates, resurgent inflation and an appreciation of sterling which has had a material impact on export margins.

**Dividends**

The Board recommends a final dividend of 13p per £1 Ordinary Stock payable 13th May 1980 to Ordinary Stock holders registered on the books of the company at the close of business on 15th April 1980.

This dividend brings the total dividend for the year to 25.5p compared with 23.396p last year.

**Balance Sheet and Cash Flow**

There was a net cash outflow for the year of £13.8m. This increase in net borrowing results in an increase in the percentage of net borrowing to shareholders' funds from 27.6% in 1978 to 30.0% at 31st December 1979.

Capital expenditure totalled £48m, reflecting a continuing policy of investing in modernisation and cost saving schemes in order to improve competitiveness.

**Analysis of results by business area**

Aluminium and Domestic Appliances gained significant volume growth and have rewarded the large investments in recent years to expand and modernise processes and products to best international standards. The improvement in Domestic Appliances came particularly from improved market share and good product impact. Specialised Engineering also had growth areas, including Silencers and Seals, although there was weakness in the Industrial Electrical business, which has now been sold to our partners GE of America. Steel Tube, Steel and Cycles suffered substantial loss of volume from the engineering strike.

Exports from the UK increased by 5% to £240m which, after allowing for inflation, represents a real-term decline. A reduction in exports to Africa, principally lower sales of cycles to Nigeria, accounts for a significant part of this, but on a broad front, the strength of sterling was a severe handicap to our export efforts.

**Consolidated profit and loss account**
*year ended 31st December 1979.*

| | 1979 £m | 1978 £m |
|---|---|---|
| External sales | 1,213.8 | 1,106.0 |
| Trading profit | 73.5 | 89.7 |
| Proportion of profits of associated companies | 1.8 | 5.4 |
| | 75.3 | 95.1 |
| Interest on overdrafts and other short term borrowings, net | 13.5 | 7.3 |
| Profit before loan interest payable | 61.8 | 87.8 |
| Loan interest payable | 9.6 | 7.8 |
| Profit before taxation | 52.2 | 80.0 |
| Taxation | 12.3 | 17.3 |
| | 39.9 | 62.7 |
| Proportion of profit after taxation attributable to minority shareholders | 8.3 | 12.9 |
| Earnings for the year | 31.6 | 49.8 |
| Extraordinary items | (1.9) | (11.0) |
| Profit after extraordinary items | 29.7 | 38.8 |
| Dividends | 15.1 | 13.8 |
| Amount added to retained earnings | 14.6 | 25.0 |
| Earnings per £1 ordinary stock | 53.3p | 84.8p |

**Results by Business Area**

| | External sales 1979 £m | External sales 1978 £m | Profit before loan interest payable 1979 £m | Profit before loan interest payable 1978 £m |
|---|---|---|---|---|
| Steel tube and steel | 314.1 | 318.9 | 11.8 | 21.6 |
| Aluminium | 288.4 | 228.3 | 22.6 | 27.4 |
| Specialised engineering products | 243.3 | 223.3 | 11.7 | 17.1 |
| Domestic appliances | 208.4 | 175.7 | 15.3 | 9.0 |
| Cycles and toys | 157.1 | 158.3 | (3.6) | 8.0 |
| Parent and other companies | 2.5 | 1.5 | 4.0 | 4.7 |
| | 1213.8 | 1,106.0 | 61.8 | 87.8 |

*The Annual Report will be posted to Shareholders on April 17, 1980. Further copies will be available from The Secretary, Tube Investments Limited, TI House, Five Ways, Birmingham B16 8SQ.*

**Consolidated balance sheet**
**31st December 1979**

| | 1979 £m | 1978 £m |
|---|---|---|
| **Net assets employed** | | |
| Fixed assets | 227.4 | 212.7 |
| Deferred revenue expenditure, net | 2.9 | 1.4 |
| Investments | 34.1 | 36.1 |
| Current assets | 589.9 | 558.5 |
| | 854.3 | 808.7 |
| Deduct: current liabilities | 299.9 | 261.5 |
| | 554.4 | 547.2 |
| **Financed by** | | |
| Issued capital | 59.3 | 58.7 |
| Reserves | 308.4 | 291.5 |
| TI stockholders' funds | 367.7 | 350.2 |
| Interests of minority shareholders | 59.6 | 64.3 |
| Total shareholders' funds | 427.3 | 414.5 |
| Loans | 100.5 | 100.4 |
| Deferred liabilities and credits | 26.6 | 32.3 |
| | 554.4 | 547.2 |

TI Group

# FAIRCLOUGH

Fairclough Construction Group Ltd

Group Results—Year Ended 31st December, 1979

| | 1979 £'000 | 1978 £'000 |
|---|---|---|
| Turnover | 237,472 | 232,909 |
| Profit before taxation | 10,166 | 9,555 |
| *Profit after taxation* | 7,036 | 4,869 |
| Earnings per Ordinary Share | 16.03p | 11.09p |
| Dividend per Ordinary Share | 4.00p | 3.50p |

*Points from the Statement of the Chairman, Mr. Oswald Davies, C.B.E., D.C.M.:*

- The Group's profits have been increased in a difficult year for the industry.
- Slight decline in U.K. profits offset by increased overseas contributions.
- We have entered 1980 with the biggest and best workload in the Group's history.
- The Group is stronger and better balanced than ever before with sound management at all levels.

Sandiway House, Northwich, Cheshire. Telephone: Sandiway 883685. Telex: 669708

CIVIL ENGINEERING·BUILDING·TUNNELLING·SURFACE MINING·STRUCTURAL STEELWORK·MATERIAL HANDLING·MECHANICAL ENGINEERING

# Adams & Gibbon Ltd.

**Extracts from the Chairman's Address**

The group net profit before taxation earned in the year ended 30th November 1979 amounted to £782,000 compared with £558,000 in 1978, representing an increase of 40%.

The most difficult obstacle currently affecting our particular sector of the motor industry is the extremely high cost of finance and the present interest rates in excess of 17% make it extremely difficult to operate our capital intensive vehicle sales activities at a satisfactory level of profitability.

Our group's prospects for 1980 must therefore be assessed in the light of these very high interest rates, and although we shall enjoy the advantage of much improved availability of product from Vauxhall Motors boosted by the introduction of a major new model from this manufacturer, the year ahead looks certain to be a difficult period in which to achieve any material advance in profitability.

A&G

**Vauxhall/Bedford, Opel, Datsun, Citroen, Toyota Dealers**

# INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

## Firestone Tire closures will cost group $49m

BY STEWART FLEMING IN NEW YORK

FIRESTONE TIRE and Rubber is closing about one quarter of its U.S. tyre capacity and taking a $49m charge to second quarter profits in an effort to try and improve the earnings of its beleaguered tyre operations.

The announcement is the latest in a series of cutbacks which Firestone and other U.S. tyre companies have been making over the past year as demand has slumped and competition in the industry has intensified.

Earlier this month, Uniroyal, another major tyre producer, reported a net loss for 1979 of $120m on sales of $2.57bn. It had earlier announced a series of permanent plant closings.

Firestone, which over the past year has closed tyre plants in Switzerland, Sweden and London, and had earlier shut down U.S. facilities in Akron and Calgary, yesterday said that it was adding a further six American factories to this list.

It estimated that some 7,000 workers would lose their jobs at these plants in addition to the 1,500 already laid off. The plants affected are in Dayton and Barberton, Ohio, Los Angeles and Salinas, California, and Pottstown, Pennsylvania. In addition, a synthetic latex factory in Akron is being closed.

The company estimates that the US. tyre industry is currently operating at only around 70 per cent of capacity. It reported a $13.9m loss in the first quarter of its current financial year, blaming the depressed tyre industry for its problems.

## The Bay expects a tough year

BY ROBERT GIBBENS IN MONTREAL

HUDSON'S BAY, the diversified Canadian merchandising, real estate and natural resources group controlled by the Thomson family interests, is concerned about retail market prospects during 1980. The company expects a difficult year because of high interest rates and high inflation.

"These factors will reduce funds consumers have available and we expect sales will be relatively weak for all merchandise lines in the first three quarters of the company's fiscal year," the company said.

On Tuesday The Bay reported earnings of C$80.3m or $2.98 a share for the year ended January 31, against $44.6m or $2.74 a share a year earlier, on revenues of $3.4bn against $1.9bn.

The 1979 results excluded special gains of $23.2m, while 1978 figures excluded extraordinary profits of $98.4m and also excluded sales of Simpsons or Simpsons-Sears and only included sales of Zellers for four months.

However, The Bay hopes consumer spending will pick up in the fourth quarter. The company normally makes three-quarters of its profits in the fourth quarter which includes Christmas.

## Confident outlook at Rockwell

BY OUR FINANCIAL STAFF

LOS ANGELES-based Rockwell International, the electronics systems and equipment manufacturer, expects net income and sales for the fiscal year ending on September 30 to be higher than the 1978-79 levels, according to Mr. Donald Beall, the president.

In fiscal 1979 the company had a record net income of $261m, or $6.77 a share, fully diluted, from operations, on sales of $6.18bn.

Mr. Beall declined to make a forecast for the 1979-80 second quarter. In the first quarter Rockwell earned $1.77 a share, fully diluted, from operations, up from $1.73 in the same period of 1978-79.

Mr. Robert Anderson, the chairman said that Rockwell was in a good position for new levels of growth in its strong businesses. Its four major areas are automotive, aerospace, electronics and general industries.

## $200m takeover by Phillips Petroleum

By Our New York Correspondent

PHILLIPS PETROLEUM has agreed in principle to spend close to $200m to purchase Great Basins Petroleum of Los Angeles, which owns developed and undeveloped oil reserves in Canada, mostly in Alberta.

The company said yesterday that it had agreed to pay $18 a share for Great Basins, which reported a loss of $2m on sales revenues of $13m for the six months ended January 31.

Great Basins also has interests in unproven oil and gas reserves, uranium and gold properties, including a 35 per cent stake in the Ladner Creek gold project in British Columbia.

## GPU auditors warn of financial crisis

By Ian Hargreaves in New York

GENERAL PUBLIC Utilities, the company which owns the still inoperative Three Mile nuclear power station in Pennsylvania, could be forced into a financial crisis this year.

When the company's annual report appears in a few days' time, it will carry a qualification to the accounts by Coopers and Lybrand, stating that the company's current level of revenues is "not sufficient to assure their ability to continue as a going concern."

Mr. Edward Holcomb, the company's comptroller, confirmed the accuracy of the auditors' statement yesterday. He added that unless the company is allowed to re-open its undamaged power unit at Three Mile Island, and to retain certain Federal credits related to construction of the $400m unit, it will "wipe out our earnings this year."

The accident at Three Mile Island Number Two unit, whose first anniversary occurs next week and will be marked by protests around the U.S., has already plunged General Public into service difficulties.

The biggest difficulties have been the estimated $300m clean-up costs, plus the $27m a month the company is having to pay to outside suppliers for power to fill its customers' energy needs.

The company has been excluded from the bond markets, the usual method of raising long-term finance, since immediately after the accident, and is dependent for its survival upon a revolving credit of $412m from a syndicate of banks led by Chemical Bank and Citicorp.

## Californian acquisition for French bank

By Nicholas Colchester

BANQUE NATIONALE de Paris has bought Bank of the West, a San Francisco-based bank with total assets of $590m and 42 branches in California. Mr. Gilbert Géas, who retires shortly as the managing director of BNP Ltd. the French bank's London operation, is to move to California as chairman of the new acquisition.

BNP last night could reveal no details of the purchase price paid for Bank of the West, which was formerly known as Bank of San Jose. The new bank is larger than BNP's other Californian operation, the French Bank of California, which had assets at the end of 1978 of $120m.

## U.S. QUARTERLIES

| AMERICAN MEDICAL INTNL. | 1980 | 1979 |
|---|---|---|
| Second quarter | $ | $ |
| Revenue | 160.6m | 128.7m |
| Net profits | 7.89m | 6.17m |
| Net per share | 0.79 | 0.63 |
| Six months | | |
| Revenue | 312.1m | 250.6m |
| Net profits | 12.09m | 11.87m |
| Net per share | 1.52 | 1.22 |

| AMERICAN STORES | 1979 | 1978 |
|---|---|---|
| Year | $ | $ |
| Revenue | 3.79bn | 1.09bn |
| Net profits | 44.43m | 25.03m |
| Net per share | 4.36 | 3.14 |

| CENTRAL SOYA | 1980 | 1979 |
|---|---|---|
| Second quarter | $ | $ |
| Revenue | 658.0m | 606.7m |
| Net profits | 3.0m | 9.2m |
| Net per share | 0.21 | 0.60 |
| Six months | | |
| Revenue | 1.3bn | 1.1bn |
| Net profits | 10.7m | 20.2m |
| Net per share | 0.74 | 1.31 |

| LEVI STRAUSS | 1980 | 1979 |
|---|---|---|
| First quarter | $ | $ |
| Revenue | 604.6m | 397.6m |
| Net profits | 49.20m | 37.74m |
| Net per share | 1.18 | 0.86 |

| LEVITZ FURNITURE | 1979 | 1978 |
|---|---|---|
| Fourth quarter | $ | $ |
| Revenue | 148.4m | 134.2m |
| Net profits | 5.67m | 5.31m |
| Net per share | 1.38 | 1.25 |
| Year | | |
| Revenue | 546.6m | 488.2m |
| Net profits | 20.6m | 16.3m |
| Net per share | 4.84 | 3.84 |

| RAPID AMERICAN | 1979 | 1978 |
|---|---|---|
| Fourth quarter | $ | $ |
| Revenue | 748.3m | 731.5m |
| Net profits | 19.62m | 21.32m |
| Net per share | 2.53 | 2.41 |
| Year | | |
| Revenue | 2.58bn | 2.45bn |
| Net profits | 34.6m | 37.24m |
| Net per share | 4.55 | 4.52 |

FMC CORPORATION

## Aiming for the first division

BY WILLIAM COCHRANE

**FMC chairman Robert H. Malott is determined to lift his company into the ranks of the "greats." After a drop in profit margins in the past two years, there is evidence to suggest that the company is on its way**

IN THE PAST two years FMC Corporation of the US, produces commercial machinery, defence equipment and industrial and agricultural chemicals, has seen its sales rise by 44 per cent to $3.3bn while its pre-tax profits have suffered a 4 per cent decline.

In other words, profit margins have slid from 8.9 per cent, through 7.2 to 5.9 per cent; and while earnings per share have actually increased—from $3.51 to $4.18 fully diluted over the two-year period—it has taken a drop in the tax ratio from 37.7 to 22.3 per cent to achieve this.

This might not seem the best historical base from which to enter U.S. economic stagnation, or even depression. But FMC shares have a strong supporters' club at around six times historic earnings— and Mr. Robert B. Hoffman, the vice-president finance, has been in Europe this week to keep his European supporters informed.

Excluding industrial chemicals, FMC's margins trend from 1977 on would have been gently improving. The US chemical industry had abnormally high profits in 1975 and 1976. At that time there were widespread shortages of chemical capacity and profits escalated dramatically in Europe and in the U.S.

But the future for industrial chemicals is encouraging in the medium term. One major product here is soda ash, where FMC is already the biggest producer and lowest cost supplier. It aims to cut a further 20 per cent off costs via new solution mining techniques in extracting trona, the mineral from which soda ash is derived. Current soda ash capacity is 2.5m tons per annum, a further 300,000 and a further 1m tons of tons is coming on stream now capacity is planned for 18 months' time.

In speciality chemicals, FMC produces 133m lbs a year, and this includes 60m lbs only brought on stream last December. It is worth noting here that only 10 to 15 per cent of FMC's total energy costs are in purchased oil and gas. Where its production processes are fuel-intensive, as with soda ash in Wyoming, it has its own captive gas wells and a coal mine in that state.

On the defence side, FMC only last month signed a contract with the U.S. Government to begin full-scale production of a new armoured personnel carrier called the M-2. This is meant to be a companion to Chrysler's M-1 tank; but the M-2 sounds more like a tank itself with a 25 mm cannon, a TOW anti-tank missile, a 7.62 mm machine gun and the ability to travel over rough country at 75 kmph. Its is amphibious, as well.

FMC's old M-113 carriers cost $90,000-$100,000 each. The new M-2 goes for $450,000-$500,000 a vehicle, and the company expects the U.S. Army eventually to buy up to 7,000 of them. Sales in this division are expected to double to $1bn over the next four years.

Both FMC's history and its product spread reflects a relative independence of the U.S. economy. Overseas sales last year accounted for 28 per cent of the total, and the group's determination to grow in this area can be illustrated by its experience in agrichemicals.

In 1976 FMC had just six people outside the U.S. selling agrichemicals. Last year these were 220, and agrichemicals sales growth outside the U.S. was 52 per cent in 1979.

But the most important future consideration for the FMC Board is to increase the group's return on equity from 14 per cent to 18 per cent plus. Chairman and chief executive, Mr. Robert M. Halott, is determined to lift FMC into the "great company" category.

Phase one of the lift has been completed. Since 1971 FMC has extracted itself from rayon, pumps and butadeine which Mr. Hoffman describes as "bleeding ulcers." Phase two will mean selling better companies. In 70 per cent of its product lines FMC is No. 1, 2 or a very strong No. 3 in the market. But some of these businesses will never bring higher return and that, to FMC, means selling them off and rerouting the proceeds into the higher return categories that remain.

For this year, FMC is still budgeting for a decline in U.S. GNP, has trimmed overheads accordingly and expects earnings to be level or slightly up.

But cost-cutting is not the only reason. Last year, someone sabotaged the Jim Bridger fossil fuel power station in Wyoming, and cost FMC $22m before tax in the process; a strike in mining equipment lasted eight months and cost $4.6m; the group reserved $4.7m against its exit from water treatment equipment; it shut down three inefficient food and agricultural machinery plants for $6.4m; and finally, the 1978 figures included a reserve write-back of $9.1m.

Finally, there is the matter of luck. Some years ago FMC went looking for minerals to feed its speciality chemicals inventory—and found gold instead. It retains 30 per cent of the prospect and, even with gold at $480 against earlier estimates based on a $600 average, the increment to 1982 earnings should be over 20 cents a share.

INTERNATIONAL BONDS

## Some signs of a build-up in liquidity

BY PETER MONTAGNON

DOLLAR EUROBONDS were generally firmer yesterday, although interest was mainly professional and concentrated in the long end of the market, where prices rose by over 1 point in some cases.

Dealers said that the movements were prompted by short-covering, which met virtually no selling interest. Some added that they had seen sporadic investor interest for bonds.

There are now some signs of liquidity building up in the Eurodollar market, with six-month deposit rates down to around 18¼ per cent last night after they had touched 20 per cent on Tuesday.

The level is still too high to encourage strong buying of short-dated bonds, but it does enhance the attractiveness of longer-dated issues, particularly when set against the continuing poor performance of the Deutsche Mark.

Short-dated bonds yesterday were up by an average of about ½ point, giving overall average gains in the dollar market of some ¾ point.

In the Deutsche Mark sector, prices were once again marked sharply lower on the interest rate differential with dollars. Yields on foreign bonds are being pushed higher by both the high level of domestic money market rates and the weakness of the domestic bond market, where the Bundesbank yesterday intervened to the tune of some DM 67m.

Nonetheless, Frankfurt dealers said that turnover was average with no conspicuous heavy selling. Prices are being marked down on lack of buying interest.

On the average, Deutsche Mark prices were down about ¾ point, while the Swiss franc sector fared better to close with average gains of ¼ point.

A new issue was announced in the sterling sector. This is a £20m, five-year, 15¼ per cent issue for the Swedish Export Credit Corporation. The loan is managed by Hambros Bank and priced at par. Secondary market prices were generally lower following the news.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 19

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcoa of Australia 10 89 | 60 | 79⅞ | 80⅛ | +0½ | +0⅞ | 13.93 |
| Alex Howden XW 9½ 91 | 30 | †70 | 72 | 0 | 0 | 14.97 |
| Australian Res. 9⅝ 84 | 30 | 84½ | 85 | +0¼ | −0¼ | 14.53 |
| Avco O/S Cap. 10¼ 87 | 40 | †76 | 76½ | +0¼ | −1 | 15.04 |
| Beneficial Fin. 9¾ 87 | 100 | 80½ | 81 | +0½ | +0⅛ | 14.10 |
| CECA Grad. Rate 12 86 | 100 | 88⅞ | 89⅛ | +0⅛ | +0⅛ | 14.70 |
| CECA 11⅝ 90 | 50 | 85¾ | 86¼ | 0 | +1¼ | 14.40 |
| Canadian Pacific 9¾ 89 | 50 | 80⅞ | 81⅜ | +0⅛ | +0¼ | 13.44 |
| Carter Hawley 9¾ 86 | 50 | 81⅝ | 82⅛ | +0½ | 0 | 14.20 |
| Comalco Inv. E. 10¼ 91 | 40 | 78¾ | 79¼ | +0⅛ | +0½ | 14.03 |
| Continental Grp. 9⅝ 86 | 100 | 91⅛ | 91⅞ | +0⅛ | −0¼ | 14.20 |
| Dome Petroleum 10 94 | 50 | 77¼ | 77¾ | +1¼ | +1⅛ | 13.65 |
| Dominion Bridge 10¼ 84 | 30 | 87⅞ | 88⅜ | 0 | −0¼ | 14.21 |
| EIB 11¼ 82 | 80 | 84¾ | 85¼ | +0⅛ | +0¼ | 14.45 |
| EIB 10.15 99 | 100 | †73½ | 75 | +0⅛ | +1½ | 14.56 |
| Ekportfin 11⅞ 87 | 50 | 88 | 88⅜ | +0½ | +0⅛ | 14.01 |
| Export Dv. Cpn. 9¾ 84 | 100 | 84½ | 85 | +0⅛ | −0⅛ | 14.59 |
| Export Dv. Cpn. 9⅜ 84 | 150 | 84⅞ | 85⅛ | +0⅛ | −0¼ | 14.46 |
| Finland 8⅝ 89 | 100 | 76¾ | 77½ | +0¼ | +0⅛ | 14.87 |
| GTE Finance 9⅛ 89 | 65 | 79¼ | 79¾ | +0⅛ | +0⅞ | 13.77 |
| GMAC 9¼ 89 | 100 | 81⅛ | 81⅞ | +0¼ | +0¼ | 13.80 |
| GMAC O/S Fin. 11 84 | 100 | 90⅛ | 90⅝ | +0⅛ | +0⅛ | 13.86 |
| Gould Int. Fin. 6⅜ 85 | 50 | 84¼ | 84¾ | +0⅛ | 0 | 14.32 |
| ITT Antilles 9½ 89 | 75 | 76 | 76½ | 0 | +0⅛ | 14.31 |
| Kennecott Int. 9½ 86 | 100 | 80 | 80½ | +0¼ | +0¼ | 14.55 |
| Manitoba 9½ 89 | 75 | 78⅜ | 78⅞ | +0⅛ | +0½ | 13.78 |
| Michelin 10 84 | 125 | 73⅜ | 73⅞ | +0⅛ | +0¼ | 14.41 |
| Nat. Dev. Telecm. 9½ 89 | 100 | 82⅛ | 82⅝ | +0⅛ | +0⅛ | 13.87 |
| New Brunswick 9⅜ 94 | 75 | 74⅜ | 74⅞ | +0⅛ | +0¼ | 13.97 |
| Newfoundland 10 94 | 50 | 77⅜ | 78¼ | +1 | +1⅛ | 13.59 |
| Norges Komm. 8⅞ 99 | 100 | 73¼ | 73¾ | +0¼ | +1⅛ | 14.31 |
| Norway 9⅜ 84 | 150 | 85¼ | 85⅝ | 0 | −0½ | 14.43 |
| Nova Scotia Pwr. 9¾ 89 | 50 | 79⅝ | 80⅛ | +0¼ | +0⅛ | 13.73 |
| Occidental Fin. 10¼ 84 | 50 | 86 | 86½ | +0¼ | 0 | 14.84 |
| Orient Leasing 9½ 86 | 25 | 77½ | 78⅛ | 0 | +0⅛ | 15.09 |
| Pennwalt O/S F. 9⅜ 84 | 25 | 84¾ | 85¼ | +0½ | +0½ | 14.75 |
| Pepsico Cap. 9¼ 84 | 100 | 85⅜ | 85⅞ | +0⅛ | +0½ | 14.25 |
| Quebec Hydro 10 99 | 75 | 74¾ | 75¼ | +0⅞ | +2 | 13.74 |
| Sears Roebuck 9 82 | 150 | 89⅝ | 90⅛ | +0⅛ | −0⅛ | 15.50 |
| Statoil 8⅝ 89 | 100 | 79 | 79½ | +0⅛ | +0½ | 13.65 |
| Sweden 9¼ 89 | 100 | 79⅝ | 80⅛ | +0½ | +0⅛ | 13.74 |
| Sweden 9½ 89 | 200 | 81¼ | 81¾ | 0 | −0¼ | 14.63 |
| Sweden 9⅜ 84 | 100 | 85⅛ | 85⅝ | +0¼ | −0¼ | 14.36 |
| Unilever NV 9⅛ 97 | 100 | 80 | 80½ | +0½ | +0⅛ | 13.66 |
| Warner-Lambert 8 84 | 100 | 84 | 84½ | +0½ | +0⅜ | 14.11 |

Average price changes... On day +0⅛ on week +0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev. Bk. 8 97 | 100 | †92 | 93 | −0½ | −0⅛ | 8.41 |
| Asian Dev. Bk. 7¼ 89 | 100 | †82 | 83 | −0¼ | −0⅛ | 10.23 |
| Australia 8½ 90 | 250 | †96 | 96½ | +0¼ | −0½ | 8.70 |
| Barclays O'seas 6⅛ 89 | 100 | †79½ | 80⅛ | −1½ | −2½ | 10.22 |
| BFCE 7⅛ 87 | 100 | 89⅛ | 89⅞ | −0⅛ | −1¼ | 8.93 |
| BFCE 8⅛ 95 | 100 | 86¼ | 87 | −0⅞ | −1⅛ | 9.87 |
| Brazil 9 87 | 150 | 98⅛ | 99⅞ | −1⅛ | −0½ | 10.72 |
| CECA 7 91 | 150 | 83⅞ | 84⅛ | −0¼ | −0½ | 9.34 |
| Council of Eur. 7¼ 89 | 100 | 86⅛ | 86⅞ | −1 | −0¼ | 0.53 |
| Denmark 7⅞ 86 | 100 | 89⅛ | 90⅛ | −0⅛ | −1⅛ | 10.25 |
| Denmark 8⅛ 92 | 100 | 87½ | 88¼ | −1⅛ | −2⅛ | 10.84 |
| EEC 7¼ 94 | 225 | 86 | 87 | −1⅛ | −1⅛ | 9.62 |
| EIB 7½ 86 | 200 | 85 | 86 | −0½ | −1⅞ | 0.97 |
| Finland Rep. 8 89 | 150 | 91¼ | 92½ | 0 | +1⅛ | 6.63 |
| Kobe, City of 7⅛ 89 | 150 | 83 | 84 | −0⅛ | 0 | 0.86 |
| Nedor. Gasunie 8 86 | 100 | 91⅛ | 92½ | −0⅛ | 0 | 0.66 |
| New Zealand 7⅛ 87 | 200 | †85½ | 86 | 0 | +0⅛ | 9.89 |
| Norges Komm. 7⅛ 91 | 150 | †85 | 88 | −3 | −3 | 9.83 |
| Norway 7½ 85 | 250 | 91⅛ | 92½ | −0⅛ | −0⅛ | 0.60 |
| OKB 9 87 | 40 | †83 | 84 | 0 | 0 | 8.88 |
| OKB 7⅛ 89 | 100 | 84 | 85 | −0⅛ | −1 | 9.95 |
| World Bank 7⅛ 91 | 400 | 83⅛ | 84⅛ | −0⅛ | −2⅛ | 10.19 |
| World Bank 7⅞ 90 | 250 | 86 | 86⅞ | −2½ | −2⅞ | 10.12 |

Average price changes... On day −0⅛ on week −1⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | 83½ | 84 | 0 | −0⅛ | 8.04 |
| Aumar 5 89 | 60 | 83 | 83½ | +0½ | +2⅛ | 7.57 |
| Australia 3⅞ 83 | 250 | 81½ | 81⅞ | +0⅞ | −0½ | 8.36 |
| Bergen, City of 4⅛ 91 | 40 | 81 | 82 | 0 | −2 | 7.19 |
| BNOE 3 89 | 75 | 77½ | 78 | −0½ | −0⅛ | 8.54 |
| BMW Overseas 4⅛ 91 | 100 | 81 | 81⅛ | 0 | −0½ | 6.62 |
| Caisse Nat. Tele. 4⅞ 89 | 100 | 83 | 83½ | +0⅛ | −0⅛ | 6.84 |
| Canada 3⅞ 89 | 300 | 80 | 80½ | +0½ | −2 | 6.60 |
| CCCE 5⅛ 90 | 100 | 95 | 95⅛ | −0¼ | −1⅛ | 9.43 |
| Copenhagen 4⅛ 91 | 80 | 72⅞ | 73⅛ | −0⅛ | −8⅛ | 9.19 |
| Council of Eur. 5 89 | 100 | 82⅛ | 83¼ | −0⅛ | −1⅛ | 7.53 |
| EIB 4½ 91 | 100 | 79⅛ | 79⅜ | −0⅛ | −0⅛ | 7.21 |
| EIB 4⅛ 94 | 100 | 72¾ | 73¼ | +1¼ | −3¼ | 7.50 |
| Elec. de France 4⅞ 89 | 100 | 83½ | 84 | +0½ | −1⅛ | 6.77 |
| GZB 4⅞ 89 | 100 | 82 | 82½ | +0½ | +0½ | 6.83 |
| Hilti 4½ 91 | 35 | 83 | 83½ | −0⅛ | +0⅛ | 9.33 |
| Int.-Amer. Dev. 4½ 89 | 100 | 78 | 78⅛ | +0⅛ | +0⅛ | 7.85 |
| Jutland Tele. 5½ 90 | 50 | 91⅞ | 91⅞ | +0⅛ | −0⅛ | 9.68 |
| Malaysia 5 89 | 80 | 82 | 83 | +0⅛ | −2½ | 7.64 |
| Nippon Tel. & T. 4⅞ 89 | 100 | 81½ | 82 | +0⅛ | −2½ | 6.92 |
| Nordic Bank 5 89 | 45 | 87 | 87½ | +1⅛ | −0⅛ | 6.89 |
| Norges Komm. 4⅞ 91 | 100 | 78½ | 79 | −0⅛ | −1 | 7.13 |
| OKB 3⅞ 91 | 100 | 73¼ | 73⅞ | +3¼ | 0 | 7.34 |
| OKB 4⅞ 91 | 100 | 79⅛ | 80¼ | +0½ | 0 | 6.84 |
| Oslo, City of 4⅞ 91 | 100 | 77½ | 78 | +0½ | −0⅛ | 7.28 |
| Shikoku El. Pwr. 4⅛ 89 | 100 | 83⅛ | 84⅛ | +1½ | −0⅛ | 7.13 |
| Stewag 4⅛ 91 | 60 | 82¼ | 82⅞ | 0 | −0½ | 7.04 |
| Voest-Alpine 4⅞ 89 | 90 | 82⅛ | 83⅛ | +0⅛ | −0½ | 7.36 |
| World Bank 4⅝ 89 | 100 | †80 | 81 | −2⅛ | −1⅛ | 7.60 |
| World Bank 4⅝ 89 | 150 | 79 | 79½ | +0½ | −1 | 7.50 |
| World Bank 4⅛ 91 | 100 | 80⅛ | 80⅞ | +0½ | −0⅛ | 7.14 |

Average price changes... On day +0⅛ on week −1½

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.9 83 | 35 | 81⅛ | 82⅛ | 0 | −1⅛ | 11.95 |
| Australia 6½ 88 | 20 | 74 | 75 | 0 | −2 | 11.46 |
| EIB 7⅛ 89 | 12 | 85⅛ | 86⅛ | 0 | −0⅛ | 10.17 |
| Finland 5.6 83 | 10 | 81⅛ | 82⅛ | 0 | +0⅛ | 11.83 |
| Finland 6.8 88 | 10 | 78¼ | 79⅛ | 0 | −0⅛ | 10.75 |

Average price changes... On day 0 on week −1

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Avco Fin. 10¼ 86 C$ | 25 | 79⅛ | 80½ | −0⅛ | −0⅛ | 16.46 |
| Bell Canada 10⅛ 86 C$ | 60 | 85⅛ | 85⅞ | +0¼ | 0 | 14.23 |
| Cr. Foncier 10⅛ 84 C$ | 30 | 84⅛ | 85¼ | +0⅛ | 0 | 16.07 |
| Ex. Dev. Cpn. 10 84 C$ | 50 | 86 | 86½ | +0⅛ | +0⅛ | 14.61 |
| Fst. Can. Inv. 10 84 C$ | 50 | 85 | 85½ | +0⅛ | −0¼ | 14.99 |
| Hudson Bay 10½ 89 C$ | 60 | 78 | 78½ | +0¼ | −0⅛ | 15.04 |
| Quebec 10¼ 86 C$ | 50 | 82¼ | 83¼ | +0¼ | −0¼ | 14.65 |
| R. Bk. Canada 10 86 C$ | 40 | 84⅛ | 84⅝ | −0¼ | −0⅛ | 13.92 |
| R. Bk. Canada 10 94 C$ | 40 | 75⅛ | 75⅝ | +0⅛ | +0¼ | 14.09 |
| Copenhagen 8⅛ 91 EUA | 20 | 89 | 90¼ | −0½ | −0½ | 10.32 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 91½ | 92½ | +0½ | −0⅞ | 10.17 |
| SOFTE 8⅛ 89 EUA | 40 | 91 | 91½ | −0½ | −1⅛ | 11.71 |
| U. Bk. Nrwy. 9½ 90 EUA | 18 | 97¾ | 98⅝ | 0 | +0⅛ | 9.78 |
| Algemene Bk. 8⅛ 84 Fl | 75 | 90¼ | 91¼ | +0½ | −1 | 10.86 |
| Ned. Gasunie 8⅛ 84 Fl | 50 | 90 | 90½ | +0⅛ | −0¼ | 11.74 |
| Ned. Middbk. 8⅛ 84 Fl | 75 | 89½ | 90 | +0⅛ | −1⅛ | 11.57 |
| Norway 9⅛ 84 Fl | 100 | 90⅛ | 91⅛ | +0⅛ | −1⅛ | 11.21 |
| Norway 8⅛ 84 Fl | 100 | 91⅛ | 91⅝ | +0⅛ | −1 | 10.72 |
| Philips Lamps 8⅛ 84 Fl | 75 | 91 | 91⅛ | +0⅛ | 0 | 11.16 |
| Air France 11 84 FFr | 120 | 90⅛ | 90⅞ | +1 | +1⅛ | 13.93 |
| Euratom 9⅛ 87 FFr | 150 | 80⅛ | 81½ | +0⅛ | +1⅞ | 14.13 |
| Finland 11 84 FFr | 80 | 88⅛ | 88⅞ | −0⅛ | +0⅛ | 14.56 |
| Finland 11⅛ 89 FFr | 70 | 83⅛ | 84½ | −0⅛ | −0⅛ | 14.65 |
| Gaz de France 11 84 FFr | 150 | 89 | 90 | +0½ | +1 | 14.20 |
| IBM France 11⅛ 84 FFr | 120 | 90½ | 81¼ | +0⅛ | +0⅛ | 14.54 |
| Renault 9⅛ 85 FFr | 100 | 81⅛ | 83 | +0⅛ | +0⅛ | 14.73 |
| Saint-Gobain 9⅛ 86 FFr | 130 | 80⅛ | 80⅞ | 0 | +0⅛ | 14.76 |
| Solvay et Cie 9⅛ 87 FFr | 125 | 77⅞ | 78⅛ | 0 | −0⅛ | 14.92 |
| Total Oil 9⅛ 87 FFr | 150 | 77¼ | 78½ | +0¼ | +0⅛ | 14.67 |
| Citicorp O/S 13½ 90 £ | 50 | 89⅞ | 90⅝ | −1⅛ | +0⅛ | 13.47 |
| EIB 11½ 91 £ | 25 | 79⅞ | 80⅞ | −0⅛ | +1 | 13.25 |
| Finance for Ind. 13 91 £ | 15 | 86½ | 87⅛ | −0½ | +1 | 15.56 |
| Fin. for Ind. 12½ 89 £ | 30 | 84⅞ | 85⅝ | −1⅛ | +0⅛ | 15.57 |
| Fin. for Ind. 14½ 86 £ | 20 | 94⅝ | 95⅝ | −0⅛ | −1⅛ | 15.63 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 87⅛ | 88⅛ | −0½ | +1⅛ | 14.89 |
| Indonesia 8⅛ 91 KD | 7 | †93 | 93½ | 0 | 0 | 8.75 |
| Mitsubishi 7½ 84 KD | 10 | †95⅛ | 96⅞ | 0 | 0 | 9.73 |
| Norges Kom. 7½ 89 KD | 12 | †93⅛ | 93⅞ | 0 | 0 | 8.52 |
| Occidental 8½ 91 KD | 7 | †90⅛ | 90⅞ | 0 | 0 | 9.67 |
| Akzo 9⅛ 87 LuxFr | 500 | 85⅛ | 86⅛ | −1⅛ | −3⅛ | 12.09 |
| Euratom 8 87 LuxFr | 500 | 78 | 79 | −2⅛ | −3⅛ | 12.83 |
| Euratom 9⅛ 88 LuxFr | 500 | 87 | 88 | −3 | −4 | 12.31 |
| EIB 9⅛ 88 LuxFr | 600 | 90 | 91 | −2⅛ | −3 | 11.65 |
| Volvo 9⅛ 87 LuxFr | 500 | 87 | 88 | −2½ | −3½ | 12.33 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bk. 5⅛ 87 | 0⅛ | 96⅛ | 97⅛ | 2/7 | 15⅛ | 15.61 |
| Banco di Roma Int. 8 87 | 0⅛ | 98⅛ | 99⅛ | 28/4 | 15⅛ | 15.93 |
| Bank of Ireland 5⅛ 89 | ‡0⅛ | 96⅛ | 96⅞ | 21/5 | 16⅛ | 13.69 |
| Bank of Tokyo 5⅛ 89 | ‡0⅛ | 97 | 97½ | 25/4 | 14.56 | 14.97 |
| Barclays O/S Inv. 5 90 | 0⅛ | 96 | 96½ | 13/6 | 14⅛ | 14.81 |
| Bergen Bk. A/B 8 89 | ‡0⅛ | 96½ | 87 | 28/5 | 17⅛ | 17.83 |
| Bquo. Indo Suez 5⅛ 89 | 0⅛ | 96⅞ | 97⅛ | 11/7 | 14.69 | 15.14 |
| Citicorp O/S F. 9 94 | ‡0⅛ | 99 | 99½ | 9/9 | 18.91 | 18.95 |
| Citicorp O/S F. 83 | §‡0 | 99 | 99⅛ | 23/5 | 19.06 | 19.18 |
| Citicorp O/S F. 94 | ‡0 | 99⅛ | 99⅞ | 30/3 | 12.94 | 17.00 |
| Co-operative Bk. 8 86 | 0⅛ | 97⅛ | 97⅝ | 15/5 | 16.05 | 15.47 |
| Creditanstalt 5½ 81 | §‡0⅛ | 98⅛ | 98⅝ | 14/5 | 18.44 | 18.74 |
| CNT 5⅛ 89 | §0⅛ | 99⅛ | 99⅝ | 16/4 | 15.19 | 15.28 |
| GZB 5½ 89 | ‡0⅛ | 97⅛ | 97⅝ | 1/6 | 14⅛ | 15.02 |
| Jugobanka 8 89 | 0⅛ | 81½ | 92½ | 23/5 | 13 | 17.39 |
| Ind. Bank Japan 5⅛ 87 | 0⅛ | 97⅛ | 99 | 15/4 | 14⅛ | 14.58 |
| LTCB Japan 5⅛ 86 | 0⅛ | 96⅛ | 96⅝ | 13/9 | 14⅛ | 14.77 |
| LTCB Japan 5⅛ 88 | 0⅛ | 86⅞ | 96⅝ | 7/9 | 14.19 | 14.76 |
| Mfrs. Han. O/S 5⅛ 94 | ‡0⅛ | 98⅛ | 98⅝ | 30/5 | 17⅛ | 17.39 |
| Midland Intl. Fin. 8 89 | 0⅛ | 98⅛ | 98⅝ | 20/3 | 15 | 15.25 |
| Nacional Fin. 5⅛ 86 | 0⅛ | 96⅛ | 96⅝ | 25/7 | 14.69 | 15.20 |
| Nat. West. 5⅛ 94 | §0⅛ | 97½ | 99 | 11/4 | 11.94 | 13.28 |
| Nippon Credit 6½ 86 | 0⅛ | 95⅛ | 96⅛ | 12/7 | 14.44 | 15.84 |
| Nippon Credit 5⅛ 87 | ‡0⅛ | 97⅛ | 97⅝ | 23/5 | 14.69 | 13.19 |
| Royal Bk. Scot. 5⅛ 94 | §‡0⅛ | 98⅛ | 98⅝ | 11/4 | 14⅛ | 14.83 |
| Soc. C. de Bque. 6½ 87 | 0⅛ | 97⅛ | 97⅝ | 3/4 | 13⅛ | 13.21 |
| Segenal 5⅛ 88 | §0⅛ | 96½ | 87 | 13/7 | 14.44 | 14.92 |
| Standard Chart. 5⅛ 90 | 0⅛ | 97⅛ | 98⅛ | 6/0 | 17⅛ | 17.62 |
| Sweden 8⅛ 91 | ‡0⅛ | †96⅛ | 96⅝ | 18/4 | 14.44 | 14.94 |
| TVO Pwr. 8 91 (D-lock) | 0⅛ | 96⅛ | 96⅝ | 24/5 | 15.41 | 15.89 |
| Williams & Glyn 5⅛ 91 | 0⅛ | 97⅛ | 97⅝ | 14/6 | 19½ | 19.96 |
| Bq. E. d'Alg. 4⅛ 89 SF | 0⅛ | 91 | 92 | 19/9 | 8.89 | 7.31 |

Average price changes... On day 0 on week −0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Akt'bolag 7⅛ 89 | 10/79 | 145 | 111⅛ | 112⅛ | +0⅛ | −6.38 |
| Ajinomoto 7⅛ 95 | 2/80 | 818 | 84 | 85 | +1½ | 3.63 |
| Alco Int. Fin. 9½ 94 | 1/80 | 40 | 87 | 88 | 0 | 25.00 |
| Asahi Optical 7 94 | 11/79 | 605 | 73⅛ | 74⅛ | −0⅛ | −4.19 |
| Canon 6⅛ 94 | 8/79 | 570 | 82⅛ | 83⅛ | −0⅛ | 1.15 |
| Ciba-Geigy O/S F. 4 94 | 9/79 | 675 | †67⅛ | 68⅛ | +1 | 3.96 |
| Credit Suisse 4½ 93 | 10/79 | 1325 | 89⅛ | 90⅛ | +1¼ | −4.33 |
| Daiei Inc. 6½ 94 | 11/79 | 1020 | 88⅛ | 89⅛ | −0⅛ | 30.95 |
| Enserch Fin. 9½ 94 | 7/80 | 30.25 | 94⅛ | 94⅞ | −3 | 8.39 |
| LPC Internatnl. 8 89 | 9/79 | 23.33 | †94⅛ | 95⅛ | +1 | 10.53 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 84½ | 85½ | 0 | 10.23 |
| Mitsubishi Cp. 6½ 94 | 10/79 | 604 | 112½ | 113½ | +1 | 5.53 |
| Nippon Saiko 7⅛ 94 | 12/79 | 339 | 91½ | 92⅛ | +0⅛ | −2.34 |
| Nitto Elec. Ind. 6 94 | 7/79 | 735 | 63½ | 64½ | +0½ | −0.58 |
| Toshiba Cpn. 7⅛ 94 | 10/79 | 198 | 85 | 89 | +0½ | 2.20 |
| Union Bk. Switz. 5 89 | 2/80 | 126 | 86 | 87⅛ | +0⅛ | −12.42 |
| Fujitsu 5 84 DM | 7/79 | 475 | 89⅛ | 90⅛ | +0½ | 7.84 |
| Kansai Elec. 4 84 DM | 4/79 | 1234 | †78 | 80 | −0⅛ | 41.62 |
| Tokyu Ld. Cp. 4.86 DM | 4/79 | 493 | †71 | 72 | −1 | 31.37 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 86⅛ | 87⅛ | −0⅛ | 32.65 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# New Central Witwatersrand Areas Limited

*(Incorporated in the Republic of South Africa)*

**INTERIM REPORT AND INTERIM DIVIDEND**

The following are the unaudited results of the company for the six months ended February 29th 1980 together with the comparative figures for the six months ended February 28th 1979 and the year ended August 31st 1979.

| | Six months ended 29.2.80 | Six months ended 28.2.79 | Year ended 31.8.79 |
|---|---|---|---|
| Profit before taxation | R130 200 | R93 264 | R559 456 |
| Taxation | 1 189 | 1 661 | 3 634 |
| Profit after taxation | R129 011 | R91 603 | R555 822 |
| Number of shares in issue | 1 766 396 | 1 766 396 | 1 766 396 |
| Earnings per share — cents | 7.30 | 5.19 | 31.47 |
| Dividends per share — cents | | | |
| — Interim | 10.0 | 7.5 | 7.5 |
| — Final | — | — | 23.5 |
| Cost of dividends | R176 640 | R7 253 275 | R8 405 605 |

Particulars of the company's listed investments are as follows:

| | At 29.2.80 | At 28.2.79 | At 31.8.79 |
|---|---|---|---|
| Market value | R15 659 698 | R8 928 111 | R10 098 441 |
| Book cost | 1 692 836 | 1 692 836 | 1 692 836 |
| Appreciation | R13 966 862 | R7 235 275 | R8 405 605 |

*NOTE:* As dividend income accrues substantially more in tha second than in tha first half of the financial year, the directors have again decided to increase the interim dividend in order to maintain the balance between the interim and final dividends. This decision is taken in the knowledge that dividend income, which more than covers the disparity between earnings for the first half and the interim dividend, has accrued between February 29th 1980 and the date of declaration of the dividend.

For and on behalf of the Board
M. W. King
J. Ogilvie Thompson } Directors

**INTERIM DIVIDEND NO. 29**

An interim dividend of 10.0 cents per share (1979: 7.5 cents) in respect of the year ending 31st August 1980, has been declared payable on 9th May 1980 to shareholders registered in the books of the company at the close of business on 3rd April 1980.

The transfer registers and registers of members will be closed from 4th April to 18th April 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 8th May 1980.

Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 29th April 1980 of the rand value of their dividends (less appropriate taxes). *Any such shareholders may however elect to be paid in South African* currency, provided that any such request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before 3rd April 1980.

The effective rate of non-resident shareholders' tax is 14.8029 per cent.

The dividend is payable subject to conditions which can be inspected at tha head and London offices of the company and at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of tha Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
*Secretaries*
per W. Q. Nicol
*Divisional Secretary*

Registered Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office:
40 Holborn Viaduct
EC1P 1AJ

United Kingdom Transfer Secretaries:
Charter Consolidated Limited
P.O. Box 102, Charter House
Park Street, Ashford
Kent TN24 8EQ

*20th March 1980*





BURMEISTER AND WAIN

# Warily treading the recovery path

BY HILARY BARNES IN COPENHAGEN

"AN INCOMPARABLE *circus* act: the riders don't just switch horses in mid-gallop, but take their saddles with them"; this is how one lawyer described recent events at Burmeister and Wain, the shipbuilding and marine diesel engineering group, one of Denmark's leading industrial companies. But from the inside it does not look so funny.

*Mr. Jan Bonde Nielsen, con*trolling shareholder and managing director, claims that "outrageous" conduct by the police and other authorities and a campaign against him in the media have brought the group to the verge of disintegration. Now back in control, however, Mr. Bonde *Nielsen is reasonably hopeful* that the group will be put back on its feet, both financially and psychologically.

Five months after resigning as chairman, Mr. Bonde Nielsen regained control on February 21 at a special shareholders' meeting which dismissed the previous board and managing director Jan Lenborg. Mr. Bonde Nielsen himself resumed the position he held until last *spring* (when he became *chairman* for a period) and appointed a new board, including some of the best known names in Danish business, among them Mr. Boerge Olsen, former managing director of Irma stores chain. Mr. Aage Damgaard, *formerly a Jutland* textile magnate, Mr. Bent Ohl, former managing director of Scandinavian Henkel, and the new chairman, Mr. Ole *Pontoppidan.*

But before the revolution of February 21 B & W had gone through a traumatic six months. In August, 1979, managing director Mr. Poul Madsen resigned, after harshly *criticising Mr. Bonde Nielsen.*

On October 1 Mr. Bonde Nielsen resigned the chairmanship and was replaced by Mr. Madsen, who was in turn dismissed on October 31, when board member, Mr. Erik Nielsen took over the chairmanship and Mr. Lenborg, former group finance manager, became managing director.

In January Mr. Nielsen and Mr. Lenborg publicly called on Mr. Bonde Nielsen to sell his shares and dissociate himself *from* the company. At the same time they invited police to come in and investigate a number of transactions which had been the subject of newspaper articles in *January.* The *police* search has so far yielded nothing. The two firms which have audited the accounts for many years also announced that they were resigning.

The events which began with Mr. Madsens's resignation last *August coincided* with a severe cash crisis for the group, brought on by depressed demand for two of the group's main products, large marine diesel engines and ships.

The group, with a 1979 turnover of about DKr 2.6bn and a *labour force* of about 7,000, includes subsidiaries producing diesel propulsion systems for small and medium-sized vessels, production of large two stroke *marine diesel* angines, a *field* in which it is one of the world's leading companies, the Copenhagen shipyard specialising in bulk carriers of about 60,000 dwt, and *also* has interests in packaging, import and trading in agricultural machinery, leisure boat production and a container factory in Germany.

Mr. Bonde Nielsen last autumn negotiated a deal with

**Burmeister's accounts for 1979, due for publication in May, will show a large loss. But the management expects a return to the black for the current 12 months.**

*West Germany's MAN* by which the B and W marine diesel interests were hived off into a company jointly owned by MAN and B and W. The new B and W Diesel took over debts of about DKr 650m and brought the group a cash injection from MAN of around DKr 350m.

The deal was bitterly opposed by B and W's engineers, who thought they were being sold to a major competitor, but the deal got B and W out of a threatening cash crisis. Mr. Bonde Nielsen claims that with B and W's specialist know-how in large two-stroke engines and MAN's in *four-stroke* engines, the new unit will be highly competitive in years to come.

The story behind these events is long and complex. Mr. Bonde Nielsen acquired control of B and W in 1974 and from then until 1978 he increased tha *group's capital from* about DKr 100m to about DKr 500m. But in June, 1978, a liquidator's report was published on a company called DCK International, a horticultural venture with substantial interests in Kenya, *which went* into liquidation in 1976. At the time of its liquidation Mr. Bonde Nielsen had no formal connection with the company, but he had founded the *company* in the 1960s and was involved in its operation until 1974.

The liquidator was not satisfied with the state of the company's *accounts. As a result* the bankruptcy court called for a police investigation.

This was the signal for the media to dig into transactions by Mr. Bonde *Nielsen,* and under Denmark's lax libel laws the papers were able to make allegations which, under British law, would have earned Mr. Bonde Nielsen a *fortune* in damages.

In November last *year* the police finally brought an investigative charge against him of "fraud of especially serious character." The charge is that, in 1969, DCK International *acquired* financial assistance from the Industrialisation Fund for Developing Countries although at the time, claim the police, the company was insolvent. Although the fund did not suffer losses, the police claim that the fund risked losing DKr 2.1m, because it was misinformed by DCK.

Mr. Bonde Nielsen calls the police inquiry and the persistence with which they have tried to pin something on him "outrageous." And, in January this year, when he decided to dismiss the B and W board, he announced, on the advice of his lawyer, that he intended to disregard the police charges.

*Mr. Bonde Nielsen* said he took charge at B and W again because he felt a responsibility to the employees. Shop stewards at the Copenhagen shipyard welcomed his return although, at the diesel motor works, they were not happy.

Back at B and W, Mr. Bonde Nielsen is concentrating on a programme to consolidate the company's financial affairs, and *rationalise its operations.* The 1979 accounts, which will probably not be published until the end of May, will show a big loss, but he believes that the group *will be back in the black* in 1980.

Besides the M.A.N. agreement, the *shipyard* has obtained an order for five 60,000 dwt *bulk carriers* at *prices* which should giva a satisfactory return (and without any state aid). Although Mr. Bonde Nielsen still has to raise additional *money* to finance their construction, this is no longer regarded as a serious *difficulty.* The big problem now is to obtain further orders to keep the yard going in 1982 and afterwards. "I am reasonably optimistic," he said.

*Mr.* Bonde Nielsen's *policy* now is for financial consolidation rather than more borrowing, so soma assets will be sold off.

## Upturn at Thyssen Bornemisza

By Charles Batchelor in Amsterdam

PROFITS OF Thyssen-Bornemisza (TB), the international industrial holding company, rose for the first time in three years in 1979 on turnover which was barely changed. This reflected the strong performance of *most* areas of the company's business, with the exception of shipbuilding, and occurred both in Europe and the U.S.

Net profit of the Monaco-based company rose 11.3 per cent to Fl 126.6m ($61.4m) from a restated *Fl 113.7m* in *1978.* TB now accounts for dollar denominated business by taking the average dollar rate during the year compared with the year-end *rate* used *previously.*

Group sales, both of consolidated companies and TB's share in non-consolidated earnings, were barely changed at Fl 3.3bn ($1.6bn) against Fl 3.2bn in 1978.

The results included for tha *first* time the contribution from TB's 42 per cent stake in the Bermuda-based Mundogas operation. This gas trading and transport company, in which P & O has an equal share with TB performed well.

## Vallourec just breaks even

BY DAVID WHITE IN PARIS

VALLOUREC, the leading French manufacturer of steel tubes, only just broka even last year, with its net profit cut from FFr 21.1m to FFr 1.6m.

The company said it proposed to omit dividend payment but, in lieu of a dividend, it planned to distribute shares in its contracting subsidiary Entrepose.

The shares, which are to be distributed on the basis of one for every 30 Vallourec held, will amount to 8 per cent of the capital of Entrepose, until now wholly owned by the parent company.

Entrepose and its *subsidiaries,* including the offshore pipe-laying concern ETPM, form an important part of the Vallourec group, with consolidated 1979 turnover of FFr 1.8bn and a net profit of FFr 38.5m.

Vallourec said the move was aimed at involving shareholders more directly in the activities of the group as a whole, which still had favourable prospects.

The group's shareholding structure has changed as a result of the Government-directed 1978 *reform* of the steel industry. The direct participation of the steel holding company, Denain Nord-Est Longwy, has been reduced from 48 to 23.4 per cent. As a result, there is now no blocking minority holding.

● Compagnie Financière de Suez, holding company for the Suez banking, industrial and property group, increased its to FFr 272.1m ($62m), compared with FFr 224.9m the previous year.

Discounting exceptional gains, the net earnings figure from ordinary receipts and charges was FFr 188.6m, an increase of 11.6 per cent after a slight decline in 1978.

The company, in which the British Government sold its 7.6 per cent stake at the end of last year, is proposing to raise its net dividend from FFr 18 a share to FFr 20.

The balance *sheet* total reached FFr 5.87bn at the end of last year compared with FFr 5.8bn a year earlier. Conversion of bonds led to an increase in capital to FFr 937m from FFr 926m.

## Costs hit Deutsche Babcock

By Our Financial Staff

*RISING* costs are eating into profit margins at Deutsche Babcock, the West German construction and engineering group which recently reported increased *earnings for 1978-79.*

In the five months to the end of February, profits have come "under pressure" from higher costs, the company said yesterday. The situation was arising despite sharp growth in sales and a high inflow of orders.

Managing board chairman Mr. Hans Ewaldsen told the annual meeting that sales in the first five months of 1979-80 totalled DM 1.21bn, up 32.9 per cent from DM 910m in the corresponding period a year earlier. He said order inflow was DM 2.74bn, an increase of 46.8 per cent.

Order books, as of the end of February, stood at DM 11.58bn, up 23.8 per cent from February 1979. Foreign orders made up 52 per cent of order inflow, while 75 per cent of the order book was represented by foreign orders.

Turning to earnings, Mr. Ewaldsen told shareholders that rising labour and raw materials costs would affect the profit. In 1978-79 Babcock earned *DM 40.9m* (against *DM 37m*) on sales of DM 4.4bn.

## German banks' dividends are unchanged

By Our Financial Staff

TWO MAJOR West German banks have announced maintained dividends of 1979. Commerzbank and Bayerische Vereinsbank are to pay an unchanged DM 8.50 and DM 9 a share respectively for the past year.

Commerzbank's capital resources now stand at almost DM 2.5bn, after inflows totalling *DM 349m, comprising* the one-for-eight rights issue which raised DM 281.4m and the DM 67.6m arising from the conversion of convertible loans.

Vereinsbank's assets *for* the bank increased by 11.4 per cent to DM 48bn while those of the group rose 9.3 per cent to DM 82.9bn.

BHF Bank International, Luxembourg, increased its balance sheet total by 7.1 per cent to LFr 48.2bn in 1979, the parent company, Berliner Handels und Frankfurter Bank, reports.

## ABV outstrips forecast

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDISH construction group Armerad Betong Vägförbättringar, formerly Balken, has beaten its October forecast of a SKr *70m pre-tax profit by* earning SKr 76m ($17.3m) for 1979, up from SKr 56m in 1978. The latter figure includes extraordinary costs of SKr 4m.

The *proposed* dividend *is* SKr 7 per share, against SKr 5 for 1978 following adjustment for last year's one-for-two bonus issue, for a payout of SKr 6m. The board is *recommending* a further one-for-three bonus issue to raise capital by SKr 20m to SKr 81m.

Group turnover rose by 22 per cent to SKr 4.24 bn ($964m). The improved earnings noted in 1979 were due to a swing in net financial *items* from a loss of SKr 5m to a surplus of SKr 10m as well as better profits in subsidiaries, especially the small home builder LB-Hus and the piping installation firm Balken Rör.

Orders booked during 1979 were up 10 per cent to SKr 4.33bn. Year-end order stocks rose 11 per cent to SKr 2.69 bn but were below the figure of SKr 2.93bn reported for the end of August 1979.

After appropriations and tax, ABV's consolidated net profit was SKr 12m, down from SKr 14m.

● Sophus Berendsen, which is part of the UK Rentokil group, propose an increase in the dividend from 13 per cent to 14 per cent after reporting a 39 per cent increase in group pre-tax profits to DKr 157m. Prospects for 1980 are "promising."

## Zanussi earnings dip

NET consolidated earnings of the Industrie Zanussi group fell to around L10bn last year on turnover of L1,000bn, compared with L13.3bn on L850bn the year before, Sig. G. Bozzola, the company secretary, said.

# Shares fall hits Financial Rand

BY BERNARD SIMON IN JOHANNESBURG

THE FINANCIAL RAND, South Africa's investment currency, has fallen sharply in recent weeks as gold and other sbares on the Jobannesburg Stock Exchange bave come nnder the heaviest selling pressures in several years.

The financial Rand (FR) rate stood at around U.S. 87 cents yesterday, a discount of almost 30 per cent on the commercial exchange rate of $1.235. This was sligbtly higber tban Tuesday's rate of 86 cents, but far below the 105 cents rate ruling as recently as two weeks ago. The FR reached a peak of 111 cents in January, the narrowest discount to the commercial since 1975.

Turnover has also dropped. Brokers estimate daily Financial Rand salea in Jobannesburg, London and New York at R8m at present, about two-thirds the levels reached earlier tbis year. On exceptional days, turnover has reached R20m-25m.

The bulk of recent FR transactions reflect non-resident sales of gold, diamond and platinum sbares, but also a few industrial stocks quoted in Jobannesburg and London, such as South African Breweries and and Barlow Rand.

All sectors of the Johannesburg Stock Exchange bave weakened in the past week, although a sligbt rally took place yesterday. The Rand Daily Mail Gold Index dropped from 527.4 to 496.5 in the week to Tuesday. Some heavyweight gold sbares, such as West Driefontein, lost over 10 per cent of their market value.

The falls would bave been even greater in rand terms bad it not been for the cushioning effect of the financial rand. That stems from the nature of the financial rand discount, which, seen from Johannesburg, is the premium at which South African sharea are traded above their prices in other markets, mainly London and New York.

When share prices fall, as they have for tbe past fortnight, the proceeds of foreign investors' sales swell the pool of FR, thereby depressing the rate and widening the discount. The wider discount discourages further sales while increasing the yields of South African stocks, thereby attracting new buyers.

Conversely, when the FR is strong, share prices rise more rapidly on overseas markets than in South Africa.

Selling of shares has not been the only downward force on tha financial rand lately, according to brokers. Large FR bolders, wanting to convert their FR into other currencies (which can be done only by selling abroad shares bought in Johannesburg), bave had difficulty in finding securities locally.

Brokers say that inspite of large selling orders from abroad, local investors bave bought sizeable parcels of stock. Financial rand bolders have thus been unable to get rid of their rand easily without pushing down the rate.

The volatility of the FR market is somewbat surprising. The market for the currency (previously known as securities rand and blocked rand) was considerably broadened last year by the Government's decision to allow foreigners investing in non-listed assets to bring their funds through the cheap FR market. In addition, South African emigrants and residents wishing to invest abroad must remit funds through the FR system.

The authorities disclosed recently that about R500m of new direct investment through FR bad been approved in the first year that the new rules were in operation.

# Arab Bank growth continues

By Rami G. Khouri in Amman

THE AMMAN-BASED Arab Bank, the oldest and largest non-Government commercial bank in the Arab world, has reported another year of growth and rising profits for 1979.

The balance sbeet total increased by 18.3 per cent to JD 1.96bn (about $6.46bn).

Gross earnings exceeded JD 100m ($330m) for the first time, while net profit was JD 14.3m.

Some JD 3.3m is being paid in dividends, or JD 3 a share, compared with JD 2.5 the previous year. That represeots 30 per cent of the JD 10 par value of the Arab Bank shares, which are quoted on the Amman Stock Exchange at JD 125.

# Siemens India order book up by 38%

By R. C. Murthy in Bombay

TURNOVER of Siemens Indis is expected to pass the Rs1bn ($123m) mark for the first time in 1979-80 (October-September). The company, Mr. C. M. Khatau, chairman, says, bas an excellent order book, with an increase of 38 per cent (Rs1.17bn) in orders received.

The orders are largely from "core" sector industries—power, cement, coal, paper, fertilisers and steel—wbose development is being emphasised as part of the wider economic programma for the country.

In 1978-79, sales of Siemens India, in which Siemens AG of West Germany bas a 51 per cent stake, rose by 32 per cent to Rs938.6m. The profits before tax improved by 36 per cent (against a 32 per cent rise in sales) to Rs78.9m. The profit margin bas thus improved in 1978-79.

In spite of substantial increase in tax provision, the after-tax profits are higher by 16 per cent, compared with the previous year.

On the basis of performance in the first five months of 1979-1980, the chairman bas projected a 15 per ceot growth in turnover in the current year. He expects that profits may, however, remain at last year's level because of inflation.

Siemens India is expanding its activities. The new switchboard factory in Calcutta bas gone into production. Construction of a new factory at Nasik, Maharashtra, will start as soon as central Government approves.

Its plans for the future include expansion of production capacity in switchgears, for which the company has received a Letter of Intent from the Government.

Exports by the company registered a rise of 25 per cent over 1977-78 and amounted to Rs57.6m in 1978-79. The company secured turnkey jobs in Indonesia for equipment to a state electricity project and in Mauritius for a bulk sugar terminal.

HONG KONG EXCHANGES

# A future for new gold market

BY PHILIP BOWRING IN HONG KONG

HONG KONG, wbere they never do anything by halves, is to get its fourth gold market. After nine months or wrangling, the Government has given the go-ahead in principle for the Hoog Kong Commodities Exchange's establishing a market in gold futures.

It is expected to be three to six months before it is operational, as rules, membership and contract details bave to be determined.

The HK Commodities Exchange (HKCE) currently trades cotton, sugar and soyabeans. It bas been keen to add precious metals, to try to give a boost to the generally low level of activity that bas characterised the three-year-old exchange.

The main opposition bas come from the Chinese Gold and Silver Exchange Society a venerable and very active exchange, which conducts business in taels (tha Chinese measurement of weight) and Hong Kong dollars.

The second market in Hong Kong is the so called "loco" London market. This is not a market with a marketplace, but an informal one that has grown up as a result of tha presence in Hong Kong of most of the world's main bullion dealers.

Business is done on the basis of the London Gold Market but during Hong Kong trading hours — Hong Kong is eight hours ahead of GMT and can thus set world price trends.

The present third gold market in Hong Kong is the "Local Comex (New York Commodities Exchange)." An out-of-hours, Comex-based, informal market is made by some of the big commodity trading bouses which have offices bere. Much bnsiness is alse channelled directly to Comex.

Tba HKCE contract is expected to be modelled on the Comex one, although probably providing for delivery in London, rather than New York.

The contract size is expected to be 100 troy ounces. There will, however, probably be none of tha daily price movement limits that apply to U.S. markets. That might be an attraction in volatile times.

The Chinese Gold and Silver Exchange bas opposed the new market because it fears that it will take away some of the small-to-medium-size speculators. It has also argued that another exchange would encourage small investors into dangerous gold speculation.

However, the Government is keen not to lose the apparent opportunity to strengthen Hong Kong's already important role as a gold trading centre.

> The Hong Kong Commodities Exchanges futures venture will need to attract international business and wean away some local and regional business from the Chinese Exchange and Comex-based markets

It has also been upset by the activities of some freelance dealers. Unlike futures trading, spot gold trading is not regulated by the Government.

The Chinese exchange is in essence a spot market, bot positions can be carried forward indefinitely on a day-to-day basis on payment of a premium. The size of the Chinese exchange's turnover is not published.

In the longer run, however, it might lose business to a more internationally oriented futures market. Several members of the Chinese exchange are members of the Hong Kong Commodity Exchange. It remains to be seen wbether they seek floor trading rights in the gold market. But, generally, the HKCE is known to have had a flood of inquiries from potential new members, interested in gold trading.

The "loco London" market conducted by the bullion bouses is less likely to be affected, being a spot market and one that deals in large volume. Quite bow large is not known, but it amounts to several tons a day.

The relationship between the spot and futures markets might, however, evolve in unpredictable ways, with the possible opening of a futures market in London.

If there are any losers from the start of a futures market, it might be Singapore. The futures market there is little over a year old, and has not grown quite as fast as it might bave, given the bectic conditions in gold markets generally.

A significant part of its business comes from Hong Kong, and this may now be lost. Singapore's market has daily limits.

In spite of Hong Kong's important role in the world gold market, there is no certainty that the HKCE venture will succeed. It will need to attract international business, and wean away some local and regional business from the Chinesa Exchange and Comex.

If it can launch successfully into gold, tha HKCE is likely to consider trading in other matals. Copper appears to be the most likely, partly because of the proximity of some producers. Silver looks less likely, as there is limited interest in it in East Asia.

Meanwhile, the success of the HKCE soyabean contract, introduced last November, will result in redesign of the trading system for tha dormant cotton and sugar markets. The soyabean success has been dua to the Japanese dealers wbo bave made the market, so the two other contracts are being adjusted to mesb better with Japanese trading practices.

# Containers lifts dividend

BY JAMES FORTH IN SYDNEY

PACKAGING GROUP Containers has raised the interim dividend from 7.5 cents a sbare to 8 cents after boosting earnings 20 per cent, from A$4.0m to A$4.87m (US$5.35m) in the December balf.

Eariler this week Contalners was iovolved in a planned withdrawal by Comalco, the aluminium group, from can-making. Containers bougbt Comalco's Sydney plant wbile its rival, Gadsden-Pacific, bongbt Comalco's Melbourne operation.

The Containers directors said the latest result reflected the higber contribution from the group's enlarged Queensland operations, continuing improvement in the non-metal packaging and two-piece beverage can activities, and the absence of any substantial write-offs of equipment.

# Ford sells plant site

BY GEORGIE LEE IN SINGAPORE

FORD Motor Company Private is selling its 3.4 bectare assembly plant site in Singapore to Hume Industries Far East, an important building and construction materials manufacturer, for S$7.8m (U.S.$3.6m) in cash.

Hume Industries Far East said that it bad exercised an option from Ford to purchase the property, adjacent to its own manufacturing plant.

The sale of the site will mark the end of motor assembly by Singapore's oldest motor vehicle assembler.

Ford's decision, however, is not unexpected, as the Singapore Government announced last year that tariff protection for locally assembled vehicles will end next August.

Ford is expected to stop assembling cars in July. The company is being reorganised to allow for a new line of business when its motor assembly ceases.

# Sime Darby in computer move

By Our Financial Staff

SIME DARBY Group, in co-operation with Sbaw Wallace and Company, its Indian associate, is to provide computer consultancy services.

The unit will provide a full range of data processing consultancy services to industrial, agricultural, government and institutional clients, primarily in the Asean region.

Sbaw Wallace's computer division is regarded as a leader in data processing skills in India.

VONTOBEL EUROBOND INDICES
14.5.76 = 100%

| PRICE INDEX | 11.3.80 | 18.3.80 | AVERAGE YIELD | 11.3.80 | 18.3.80 |
|---|---|---|---|---|---|
| DM Bonds | 89.16 | 88.14 | DM Bonds | 9.436 | 9.649 |
| HFL Bonds & Notes | 85.66 | 84.22 | HFL Bonds & Notes | 11.138 | 11.374 |
| U.S. $ Strt. Bonds | 79.58 | 80.49 | U.S. $ Strt. Bonds | 13.037 | 12.848 |
| Can. Dollar Bonds | 82.67 | 83.08 | Can. Dollar Bonds | 13.352 | 13.271 |

## COMPANY NOTICES



## PUBLIC NOTICES



## CLUBS



## TRAVEL



## CONTRACTS AND TENDERS

# The case for an inheritance tax

BY CEDRIC SANDFORD

IN THE coming Budget the Chancellor is expected to make changes in capital transfer tax following the review announced in his Budget Speech in June, 1979. The biggest change of principle would be a switch from the present donor (or estate) base to a donee-based inheritance-type tax. What is the case for such a change and are the Conservatives likely to make it?

The main argument of a long line of advocates of a donee-based transfer tax—of whom the Meade Committee was the latest—has been that it is a more effective instrument to reduce inequality in the distribution of wealth.

The difference between the two forms of tax can be illustrated by reference to transfers at death (as distinct from gifts *inter vivos*. With a donor-based tax (apart from any special *concessions to a spouse or children*) tax liability is determined by the size of the estate irrespective of its distribution; thus a millionaire's estate bears the same tax whether the millions are left to one person or divided among 1,000 inheritors. With a donee-based tax, however, tax is levied on what is received irrespective of the size of estate from which it came, so that the more widely an estate is dispersed the less the total tax paid on it.

Thus an inheritance tax may promote a more even distribution of wealth in two ways. First, it offers a tax saving incentive to the wealthy to disperse their fortunes. Second, it strikes directly at the continuation of inequality between generations, for it is the receipt of large inheritances, not the leaving of large estates as such, that *perpetuates* inequality.

The strength of the tax incentive to disperse property is unknown. It can be argued that most people want to leave their wealth to their immediate family and will do so anyway, irrespective of the form of death duty. But some wealthy persons may be induced by tax-saving considerations to leave more property than they otherwise would outside the immediate family circle: and some of the not inconsiderable numbers of the rich who die childless may well choose to leave their property in a way which allows them, rather than the Chancellor, to determine the disposition of a larger share of it. The more important effect, however, is the second, the tax on large inheritances.

If the same scale of rates were applied with an inheritance tax as with an estate-type tax the total revenue to the Exchequer would be lower because only when an estate was left to one person would the yield be the same; in all other cases it would be less. Thus, for an equal yield to the Exchequer an inheritance tax would need to have a higher scale of rates. Estates which were widely dispersed would then pay less tax than with an estate tax but those left to one or a small number of persons would pay more. Thus a switch from a donor-based to an equal revenue donee-based tax would change the incidence of death duty so as to promote equality.

If gifts *inter vivos* are brought into the picture, the donee-based tax which precisely corresponds to capital transfer tax would charge the recipient of each gift or legacy at a rate determined by the total amount previously received by way of gift or inheritance. Such a tax is often called an accessions tax.

These arguments, you may say, are all very well, but the present *Government* is hardly renowned for egalitarian views. Indeed, Lord Cockfield, the man entrusted with the capital *tax* review, has made clear his antipathy to the use of the tax system for *egalitarian purposes*. Why then might the Conservatives be expected to look sympathetically on *a switch to an* inheritance-type tax?

The first point to make is that a death duty *necessarily* affects the distribution of wealth. At the rates of transfer tax levied in modern states those who have accumulated property are unlikely to save against the full tax liability on their deaths; similarly, few inheritors will save to make good the effect of tax in reducing their legacies. Thus death duty in today's world is concerned with the the transfer of assets. An estate-type tax, like CTT, reduces inequality in the distribution of wealth in one way only, by transferring property from the rich to the Revenue: a transfer from the private sector to the public sector of the economy.

An inheritance-type tax reduces inequality partly in this way, but also by encouraging a wider dispersion of property within the private sector. Advocates of state socialism should logically go for the estate-type tax; Conservatives, as advocates of a larger free enterprise sector, should go for the inheritance-type—especially if they genuinely seek to create a property-owning democracy.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **TAXES ON CAPITAL TRANSFERS AT DEATH IN MAIN EEC COUNTRIES** | | | | | | | | | |
| Country | Form of tax | Exemption including any nil rate band (£) | | Starting rate of tax (%) | | Minimum taxable wealth which may attract maximum marginal rate (£) | | Maximum marginal rate of tax (%) | |
| | | Child | Stranger | Child | Stranger | Child | Stranger | Child | Stranger |
| Belgium | Inh | 7,300 | Nil | 3 | 20 | 145,700 | 145,700 | 17 | 75 |
| Denmark | Inh | 600 | 4 | 2 | 15 | 78,100 | 78,100 | 32 | 90 |
| France | Inh | 18,100 | 1,000 | 5 | 60 | 10,400 | ‡ | 20 | 60 |
| Germany | Inh | 21,800 | 728 | 3* | 20* | 24,271,800 | 24,271,800 | 35* | 70* |
| Ireland | Inh | 137,600 | 9,200 | 25 | 20 | 229,400 | 80,700 | 50 | 60 |
| Italy | E | 15,800 | 15,800 | 3 | 3 | 326,300 | 526,300 | 31 | 31 |
| | Inh | † | 500 | — | 3 | — | 126,300 | — | 29 |
| Holland | Inh | 1,300 | 300 | 3 | 27 | 110,400 | 110,400 | 17 | 45 |
| UK | E | 25,000 | 25,000 | 10 | 10 | 1,985,000 | 1,985,000 | 75 | 75 |

Rates of tax as at June, 1978. Rates of exchange for conversion of national currencies to sterling as at March 14. * Slab scales. † Wholly exempt. ‡ Flat rate. E=Estate. Inh=Inheritance.
Source: The Taxation of Net Wealth, Capital Transfers and Capital Gains of Individuals, OECD 1979.

## Rewards

In other respects the economic philosophy of the Conservative Party ought not to be averse to death taxation of the appropriate kind. The ethic of capitalism surely is that rewards should be related to output contributions: thus a *Freddie Laker* deserves large profits because of his signal service to mankind by making air travel cheap. But what service has an inheritor rendered? Some caution may be necessary to prevent taxation at death reducing the incentive of those who accumulate property: that apart, the capitalist ethic would seem to favour the heavy taxation of receipts that bear no relation to output.

The logic of this argument is a tax on the recipient of inheritances. In any case general equity arguments favour relating tax to what is received rather than to the size of the estate, which bears no necessary relationship to the benefit of the inheritor. Moreover, to relate tax to the circumstances of the heir offers the most scope for modifying the tax burden in ways which accord with prevailing conceptions of equity. Thus it may be thought appropriate to allow a special exemption to the minor child of a deceased parent (as for example, in Sweden).

In fact, the equity argument has led many illustrious Conservatives to espouse an inheritance tax in preference to the estate-type. When Sir William Harcourt first introduced the estate duty in 1894 debate in the House of Commons centred on two major principles—progression, or graduation as it was then called (for the estate duty was the first consistently progressive tax in the UK tax structure) and the appropriate base. The Conservative Opposition, particularly in the persons of Balfour and Goschen, preferred the donee-based inheritance tax.

"You have adopted graduation" thundered Balfour, "because you think it is the method to produce equality of sacrifice. Why have you not the sense or the courage to make your system consistent? I understand the advantage of taxing a man at an increased rate according to his wealth: I do not understand the advantage of taxing a man exceptionally, nor according to his own wealth, but according to his father's wealth, and that is what you do under this Bill . . . in Heaven's name apply graduation like rational beings and graduate property in proportion to the amount enjoyed and not in proportion to the amount left by those who can no longer enjoy it." (*Hansard*, May 10, 1894.)

The Conservative case for an inheritance tax was given added point by the proposals of Lord Randolph Churchill. In 1906 Winston Churchill (as he then was) in his biography of his father, revealed that in his aborted Budget of 1886 Lord Randolph had planned to replace the hotch-potch of existing duties at death by a single comprehensive inheritance tax.

Winston Churchill proceeded to sum up his own view of the *iniquity* and folly of donor-based taxes thus: "We now assert the vicious principle of taxing property instead of persons. We try to tax the dead, instead of the living. The state refuses to consider, for purposes of graduation, anything so personal as the sacrifice of heirs and bases itself on the mass of the inheritance."

To this body of illustrious Conservatives must be added a more recent Chancellor, Mr. Anthony (now Lord) Barber. His inclination towards an inheritance tax was seen by the publication of the Green Paper, Taxation of Capital at *Death*: A Possible Inheritance Tax in Place of Estate Duty, Cmnd 4930, March, 1972.

Clearly, if Sir Geoffrey Howe were to indicate his sympathy for a donee-based transfer tax he would be following in distinguished footsteps and upholding the reputation of the Conservatives as the party of tradition.

There are also other, if less strong, arguments which may appeal to some Conservatives. A switch to an inheritance tax might encourage small companies. As the Bolton Committee indicated: "It is at least possible that the adoption of a system of legacy duties would benefit the small firms sector by causing capital to be more widely dispersed in smaller units and thus giving more people the means of starting their own business." Another argument (which tends to run counter to the "equality" argument) is that a donee-based tax enables different tax scales to be applied to different degrees of relationship.

Such differentiation according to consanguinity is the typical pattern for inheritance taxes elsewhere, with the lowest rates applying to the closest relatives. Conservatives keen to promote the cohesion of the family unit might find this possibility attractive. Finally, there is a less worthy motive. If the Conservatives wished to reduce the weight of death duties without appearing to do so they could switch to an accessions tax while retaining the CTT rate scale.

Britain is the only country in the EEC which does not have a donee-based transfer tax. All other EEC countries have inheritance taxes with Italy having both an inheritance tax and an estate duty. Ireland is a particularly interesting case: the Republic of Ireland inherited an estate duty but in 1975 abolished it in favour of a donee-based *transfer tax*. The Irish capital acquisitions tax provides for cumulation of gifts and inheritances *in determining* the rate of tax, but receipts are cumulated from individual donors only, unlike the accessions tax where gifts and legacies are cumulated irrespective of source.

Will the Tories do anything? *Since a new tax would involve* additional staff and an accessions tax would in any case tend to be somewhat more expensive to administer than CTT, there is little prospect of the Conservatives committing themselves to an inheritance-*type tax in the near future when* they are desperately seeking to cut the Civil Service. In the longer term an inheritance tax must be regarded as a possibility.

## Backpedalled

Mrs. Thatcher went on record in January, 1975, with a *commitment to abolish CTT without* specifying what should take its place. Since then Conservative spokesmen have *backpedalled* somewhat and spoken of "drawing the teeth" of CTT while taking an *unhurried* look at future possibilities for reform. The Conservative 1979 Manifesto promised to "*deal with the most* damaging features of CTT . . . and propose a simpler and less oppressive *system of capital* taxation in the longer term."

The longer term could include a switch to a donee-based tax. A start could be made in this Budget by the promise of a Green Paper and perhaps a select committee. When CTT was introduced, there was no Green Paper, no select committee and very little opportunity for public discussion. It is true that we had a Green Paper on the subject in 1972, but that was in many ways unsatisfactory: it made no mention at all of taxing gifts *inter vivos* except in the years immediately before death: the Green Paper came after a spate of reforms —unified income tax, corporation tax reform and VAT, to all of which the Government was committed, and these more immediate prospects monopolised public attention; and no select committee was set up to take and sift evidence on the subject.

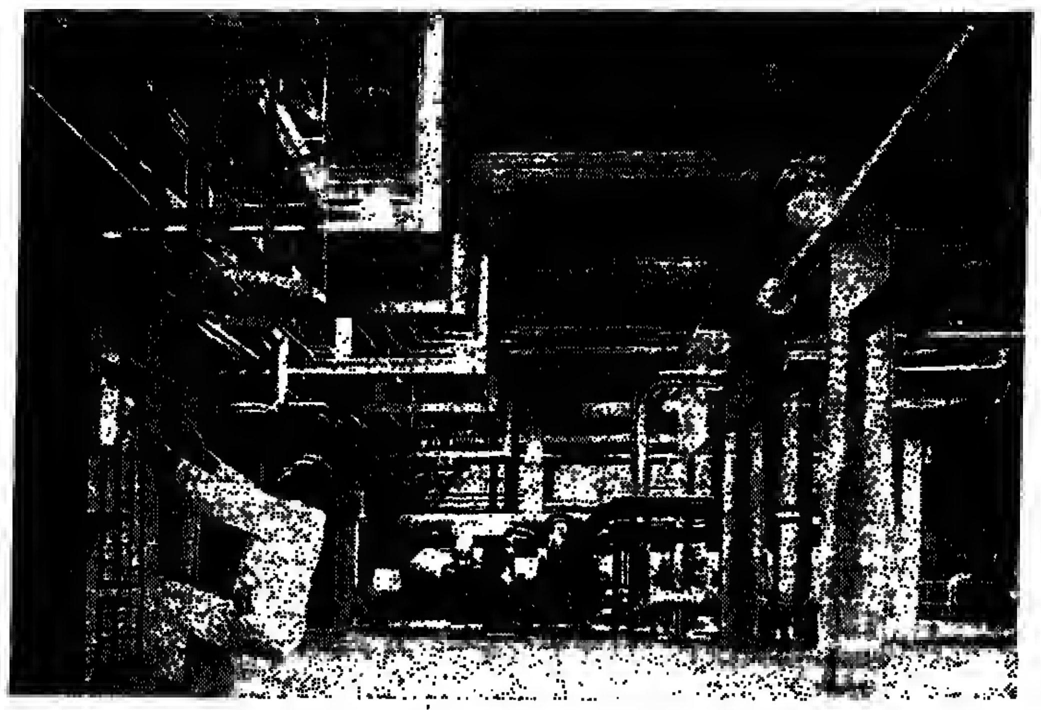
The review of capital taxation of the past year has been marked by secretiveness rather than openness. The Tories would do well to promote a public debate on the full implications of a switch to a donee-based tax.

*The author is Professor of Political Economy and director of the Centre for Fiscal Studies at the University of Bath.*

FINANCIAL TIMES SURVEY
Thursday March 20 1980

# Building and Energy Saving

**Buildings of all kinds are among the biggest consumers of energy—and thus of potential savings. The need to develop a long-term strategy to this end is widely recognised, a consensus which should smooth the task of the many disciplines involved in the building design team.**



*Leeds Infirmary has installed its own generating station complex—the whole designed by Building Design Partnership—to supply the energy needs of the new hospital and the medical and dental schools. It has already proved its worth, with a fuel efficiency rating higher than predicted*

## New skills to be acquired

**By Colin Amery, Architecture Correspondent**

IT IS only in the past few years that energy conservation in architecture has become a leading national issue, but there can be no doubt that buildings are the key to energy conservation. They nse over half the nation's energy and, given the resolution, it wonld not be difficult to achieve savings that could amount to over 30 per cent.

Many of the energy savings that could be made in buildings and the way we use them could be lasting ones—a less profligate use of energy has to become part of the national way of life. A reduction in the amount of fuel used in our building stock would not constrain economic growth; rather would it lead to a barbouring of essential supplies.

Energy saving in buildings must not be considered as just another fad. It should lead the professions responsible for the creation of the built environment to acquire the new skills needed for energy conscious design. Energy conservation should be as much part of the practical skills of those who build as an awareness of the basics of structural mechanics.

For the purpose of this survey it would be useful to see exactly where we are in terms of the development of a national policy in relation to buildings and energy. The Government does not appear to have an energy policy as such. Instead of a concrete policy the Department of Energy has a seven-point stratagy. This strategy will be subject to the uncertain markat conditions affecting the price of fuels.

The main features of this seven point plan ara as follows:

1 Flexibility—keeping options *open*,
2 Pricing—to reflect the full energy supply costs,
3 Diversity—*maintaining* a mixed fuel economy to spread risks,
4 Research—*an awareness* of the valne of constant research and demonstration,
5 *Reconciling* the *fuel industry* developments with questions of environmental *impact*,
6 Conservation,
7 International co-operation.

### Unconvincing

This broad energy strategy is the background to any discussion or decision-making on the role of energy saving within the building industry. Althongh the Government claims to bave a strategy rather than a policy, this is rather an unconvincing distinction. For example, it is pretty clear that the Government plans to switch away from oil and develop both coal and nnclear energy. Against this background the Department of the Environment has issued several instructions and guidelines that will bave a direct effect an the way buildings are built.

The *building regulations* system is still under general review but it is clear that new *thermal regulations and energy* targets will provida a new basis for low energy construction in the eighties. *The Department* of the Environment's programme for designing better *insulated* bomes *gives an indication* of the way the Government is thinking.

The guidelines are quite precise, ranging from advice about where to pnt the 'fridge and the control of beat transfer through the house — which really means that it is wise to put curtains on the stairs to contain heat. These domestic guidelines follow principles that apply to any energy users inclnding commercial and industrial.

The principles include a belief that heating systems can be made smaller and cheaper, and that as space heating load is reduced the control of ventilation becomes crucial. The control of draughts must be allied to the incidental use to be made of heat gains—for example solar gains.

A recent study carried ont for the City of Liverpool asked the question: what are the priorities that the city should have for its building stock? The study sbowed that most of the building stock directly controlled by tha city is schools and that most of these are brick buildings with pitched roofs. These buildings can be improved in terms of energy saving to pay back on the cost of the improvements in less than two years. The payback on the cost of altering more recently designed scbool buildings, which are likely to be lightweight structures with too many windows, is np to ten years.

### Occupancy

Many of the critical factors relating to energy use are tbe hours of occupancy and the heated volume. The Liverpool survey showed that local authorities need to concentrate on energy management. A great many buildings are under occupied and under used for the amount of energy they consume. More advice is needed on bow to use buildings economically.

In the industrial field there is a considerable awareness of the need for energy conservation but there is often little co-ordination between the building and the industrial process. Factories are often extracting heat during the manufacturing process while running a space heating plant at the same time. Too often in factories beating is thonght *of in terms of* overall temperatures and the changes of air—this can be an expensive *process as factories* frequently have a low density of occupation. More selective beating *and ventilation supplies* sbould be examined ln relation to the workplace.

On a *larger* scale the combination of beat and power processes could lead to considerabla changes in the design of our cities. The district heating process that makes use of the waste heat from power stations works more effectively if the urban layout is a high density ona. In bousing areas this means a density of about 50 bomes to the bectare, which by present standards is probably too high.

Combined heat and power systems are at present only cost-effective in city centres. The amount of capital investment needed to organise an effective extension of this system at a national level would be colossal.

Some more extreme views do prevail in the area of town design and energy consciousness. The Political Ecology Research Group suggest that the future lies in rural resettlemeot. Energy would be saved by mass production of organic food requiring dispersed gronps of houses along garden city lines all over the country!

Anyone seeking advice on how *to make* the best use of their buildings is likely to be inundated by the plethora of advice and equipment that is available. One area that perhaps needs more attention is the field of fuel control. One British company, Chalbar, takes the view that the most effective contribution to energy saving is to maximise the beat energy released from the fuel that is already in use. Proper maintenance of boilers and the addition of chemical fuel controllers can guarantee the saving of up to 7 per cent on fuel bills. The use of chemical compounds, like Economix makes it possible to clean boiler plant whila it is still in use, thns *eliminating* waste. The improvement of combustion efficiency is an important adjunct to the proper design of energy conscious buildings.

### Lifetime

Buildings are by their very nature a long-term proposition and the reorganisation of tbe existing and new building stock to take into account the energy-saving needs of the nation is correspondingly a long-term process. Buildings last for a long time—over 10 per cent of the housing stock of the UK was built more than a century ago. Heating and energy producing systems need to be replaced in much the same way as industrial machinery—that is about every 15 to 20 years. During the lifetime of an average building it is therefore possible that it may have its energy systems changed at least four times.

New building designs have to *make allowances for* the *use* of different kinds of fuels, including the sun. Energy saving *measures can* be *introduced* on a regular basis as the heating systems of buildings wear out. Buildings are the only areas of most national economies that bave the potential in them for *regulating* enargy. Building regulations enable more efficient designs to be introduced as soon as *tecbnological information* permits.

Many aspects of the building regulations here in the UK do not appear to encourage design innovation. There is still a tendency for the rules to rely on the specificatioo of the thermal properties of building components, wbich can hinder the development of such fields as passive solar energy. There is a need for the regulations to see buildings as part of an energy system based on a buildings energy performance. This approach, which is already in use in the U.S., gives mucb more opportunity to arcbitects and designers to demonstrate their innovative design skills.

The professional input into the energy saving and building construction process demands a more integrated approach than is always available at present. The services of the architect have to be complemented by the services of the environmental engineer as well as the structural engineer. Energy expertise needs to be more widely disseminated to the building professions and this involves botb the Government and the professional institutions. More mid-career training is oecessary, both for the building professions and for the users of buildings.

It would be helpful if the *professional* institutions in tbe building world were to devise codes of practice for their members before tbe Government introduces energy conservation legislation. This would pave the way for the efficient introduction of new regulations.

The designers of buildings have now to be more conscious than ever before of the need to make buildings adaptable for changing patterns in energy use. As economic conditions become even more stringent it is increasingly important that buildings should have a long life but also a flexible one and one that reflects the need for the conservation of our precious supplies of energy.

# BUILDING AND ENERGY SAVING II



**The use of alternative sources of energy—notably the sun's heat—is being widely canvassed in the drive to cut down reliance on traditional fuels. Below Colin Amery discusses three such projects.**

## Milton Keynes experiment

THE NEW city of Milton Keynes is remarkable for innovations of all kinds in its town planning and its architecture, and it has heen bold in its experiments with various types of bousing designs. It has, in many ways pioneered the application of solar energy systems to domestic use. This house, designed by Milton Keynes Development Corporation, has been in use since 1975 and has provided several years of valuable monitored research.

The house has a big solar panel in the sloping roof which supplies half the building's space and water-heating energy.

During the first two years of test the system had a number of problems. The anodised collector surface gave low efficiency, the non-optimum space heating control caused inefficient use of the low grade solar heat, and important control thermostats functioned hadly and caused a waste of solar heat.

Recent modifications have improved the performance. The collectors on the roof have been painted with "Nextel" paint which has increased their surface absorbtivity — making them about 20 per cent more effective. The unreliability of *the thermostats exposed* to *high* temperatures during the long sumer periods has not yet been resolved. The use in future of solid state control devices is likely to help in this area. Overnight heat loss from the storage tank happens slowly bnt is heing corrected hy the installation of non-return valves in the collector inlet pipe.

The use of boiler (gas) heat and solar heat alternately has been proposed as a way to make more effective use of the solar beat. It does aeem likely that the mixing of heating systems is in the *long run* the *most* aconomical.

The installation of solar heating in domestic settings is still beset with problems—not least the high cost of the initial installation.

Patent glazing has to be installed on a south-facing roof with *solar collector panels* immediately below; insulation is then installed below the panels. A water glycol mixture is circulated through the panels and the energy collected is then stored in a thermal store.

It is probahly too soon to decide on *the true cost-effectiveness* of solar energy in Britain's climate. It clearly makes sense in countries with more hours of sunshine than ours usually receives, but it is difficult for architects and designers to calculate the full long-term benefits to the domestic user. Heavy *capital* outlay *is* not yet producing matching savings in energy bills.

*The Milton Keynes house with its solar panel in the roof*

*Interior of the CEGB South-West region headquarters office at Bristol*

## School heating in Cornwall

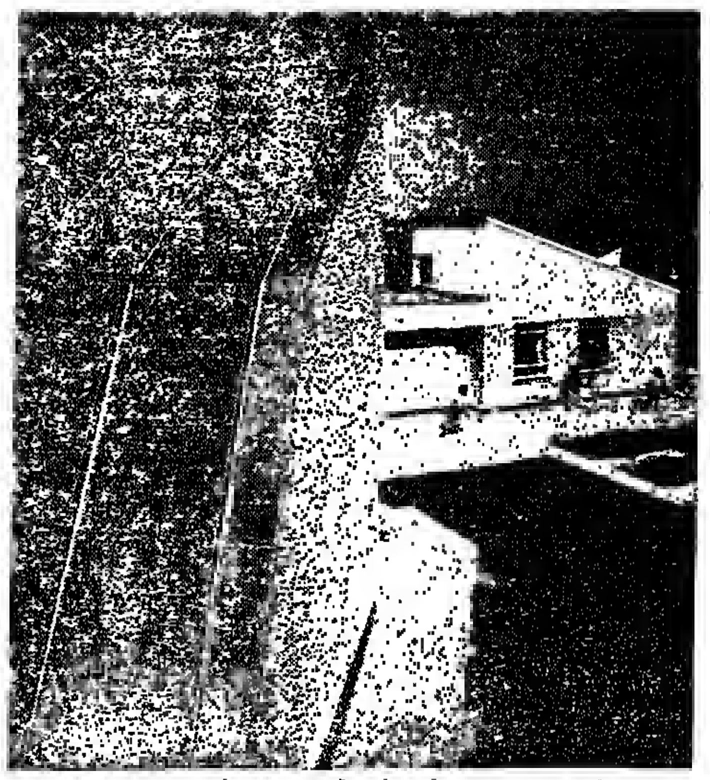
THIS IS a single-storey school for 80 pupils on the north coast of Cornwall in an exposed location. It has acquired a certain fame because it was selected as an experimental solar energy research project by the Department of Education and Science. The object of the experiment was to explore the maximum use of solar energy, to see how it could best be used without compromising educational requirements.

The solar panels and the equipment that goes with them is sited apart from the school buildings, which ensures that tbe layout of the school is not compromised. The system can then be changed or adjusted without any major inconvenience, and can also be examined as a separate package which in future can he applied to other buildings on other sites. Cost and planning considerations made it impracticable to locate enough panels to supply 100 per cent of the energy need.

The solar panels take up two rows, one at 35 degrees and the other at 65 degrees to the horizontal, to take the maximum advantage of both summer and winter sun. Between the panels the space is filled hy tbe oil storage tank for back-up beating and the two insulated water tanks. Whenever the sun is providing useful heat, water is circulaled through the panels. Heat is transferred directly from the collectors through the storage tanks and into tbe heating system. In the school a low temperature warm air fan-assisted convector beating system is installed. Hot water for the kitchen and for washing is boosted by calorifiers. In the event of frbst or of over-heating the water from the storage tanks is automatically recirculated.

Tbe school huildings, which have an attractive domestic character, have very good daylight distribution. They are of traditional construction with a high level of thermal insulation, and have been carefully designed to take advantage of the winter sunshine and exclude the excessive heat of the summer sun. Tbe windows all bave curtains or blinds to conserve beat.

It is hoped that one day the spare capacity from the solar panel in the summer could be used to heat a swimming pool. Tha performance of the solar installation, whicb was designed by Cornwall County Architects, will be monitored fer the next two years.



*... Isaac primary school, showing (left) the separate building housing the solar heating installation*

## CEGB scheme in the South-West

THE SOUTH-WEST region of the Central Electricity Generating Board is an area that runs from West London to Pembroke and Penzance. Within the region are 30 power stations with a transmission grid and 200 substations.

Architects Arup Associctes were asked to design a new beadquarters building for the region to provide 24,000 sq metres of space for offices, laboratories, workshops, telecommnnications and computer facilities. The new building is situated soma three miles from the centre of Bristol on Bedminster Down and occupies a site of 18 acres on the crown of a ridge witb outstanding views across open country.

Part of the extensive hrief was to conserve energy—or in the more technical language of the brief itself, "to modulate the external climate through the structure and form and external enclosure of the bnilding so as to ensure a good internal climate with the minimum use of purchased energy."

### Courtyards

The design of the low-rise bnilding is based on a series of work areas that are grouped around landscaped courtyards with service spaces between them. The design of the environmental services is based on the principles that the maximum use should he made of the natural sources of energy: that the maximum use should be made of the internal energy sources and that the control of the werk environments should be responsive to individual users.

Tbe architects investigated the possibilities of the nse of solar and wind power but these were not found to he cost-effective compared with conventional fuels. Models and computers were employed to investigate the value of various glazing systems, considering such questions as the control of sky hrilliance, solar gain and winter heat loss. Tha final design as built employs perimeter donble glazed windows shaded by blinds between the panes.

Insida the huilding computer installation and laboratory equipment acounts for almost half the annual energy input as well as using a significant amount of the lighting and cooling energy load. The demands of this sort of heavy equipment load hava meant that almost all the purchased energy that is used is provided by electricity.

It is in winter that the fairly large beat input allows the building to operate efficiently. The heat from the warmed areas is removed by chilled water from central heat pumps and then redistributed. Any excess of heat is utilised to heat the water in the swimming pool and the supply of hot water for domestic nse. During the winter the water in the pool acts as reservoir for excess heat in the building, which is stored in the pool at night and recirculated aronnd the building in the morning. In the summer the outside air is cool enough at night to he drawn through the hollow concrete floors to cool the floors, which in turn cool the daytime air in the offices.

From the outside the overhanging roofs and the careful planting ensure that the building will be kept shaded and cool. The energy performance of this building is kept under *surveillance* but *there is* no doubt that it is both an economical and agreeable solution to the problem of office design.



## The role of the architect

THE WORK of the Energy Group of the Royal Institute of Britisb Arcbitects to focus attention on the importance of buildings as conservers as well as consumers of energy bas had a large measure of success. The whnle subject of tbe use of energy in huildings bas been well launcbed and is in the forefront of the minds of both thosa wbo commission buildings and those who design them.

What is the nature of the *architect's* job in relation to a rather uncertain energy future? Clearly the architect has two functions—one to try and assist with the reduction of wasteful uses of energy in existing buildings and the other to try to decrease the amount of energy actually to he used *in the future*. Architects bave the edge over designers of, say, motor cars or industrial products as the building is something which can be reshaped quite easily over a period of time. A house or a factory is a container for a whole range of activities and apparatus which change at a much faster rate than tbe building bousing them.

If the future is to be a low energy one there can be no question of the importance of the role that buildings will bave to play. If architects fail to design resilient buildings that can accept quite fundamental cbanges in onr way of life they will have failed as designers. Architects will argue, quite rightly, that if tbey are to design for this uncertain future, they need to have information that will help them foresee likely changes. To do this successfully the architect is only one of a whole team who sbould be working together to predict the future shape of our environment. In many ways the architect is the man with the general knowledge of bnildings and he should be at tbe head of the interdisciplinary team that is looking at the social, political and administrative problems that are all part of the energy "crisis" equation.

In the domestic field the architect has his work cut nut to tackle design problems that will *directly affect our day-to-day* patterns of life as well as our daily consumption of energy. The architect will have to be aware of at least four types of domestic energy systems in the future design of houses. The heat pump, heat reclaim systems, underfloor systems and *solar gain are all terms* that *the* architect needs to he aware of and understand.

Houses of the future may wall use a mixture of underfloor heating, heat reclaim and controlled ventilation, with heat pumps being used in a variety of ways. They are likely to be *much better insulated* and generally more airtight, with the accompanying problams of condensation and an understanding of how air moves through houses.

### Ventilation

Old houses have a wide range of ventilation systems, from the leaky sash window to underfloor airbricks. Architects must be concerned with the reduction of heat loss through the fabric of the huilding and the ventilation system. Only when this bas been successfully controlled does it make any sense for controls to he placed on the use of fuel for lighting, cooking, and other household equipment.

Architects have for a long time been fascinated by the qnestion of solar energy, even in a country like Britain where the amount of sun seems too little to justify any great effort to harness its energy. Recent researchers have dismissed the effectiveness of using solar panels for the heating of domestic water because they are uneconomic in the madium term. A total solar energy system for a bouse is as a substitute for all other sorts of systems likely to be more cost-effective. A 20-metre sqnare solar panel haa been installed in a house monitored by the Building Research Station which needs a large storage capacity tank of water—so large in fact that it has to be sited in a separate building.

It is these technical prohlems that the architect has to try and solve as part of an interdisciplinary team.

What is a house likely to be like that is designed by an *architect with energy saving* as a first priority? Assuming that financial resources are modest the house is likely to be a timher frame construction roof with infill walls. The roof and walls are likely to be insulated with a slab of proprietary insulating material. The construction is likely to incorporate some form of *vapour barrier to mitigate* heat loss radiation at night and solar gain during tha day.

The timber construction will probably be supported on thick brick cross walls that provide a considerahle heat store and prevent the kind of wild temperature fluctuations that can *occur in lightweight forms* of construction. The cavity walls will almost certainly be filled with an insulating foam, one of the most effective controllers of

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## BUILDING AND ENERGY SAVING III

# Need for reappraisal of energy flows

IT HAS been easy to take buildings for granted, to treat them as part of the background. Now with 55 per cent of the nation's primary energy used in buildings to provide a comfortable working environment, supply hot water and run small equipment such as TVs, washing machines and photocopiers, we have to recognise them as in the foreground. Only in special cases like some heavy industries is energy use in buildings relatively minor compared with that used for industrial processes.

Energy conservation is critically important nationally but for the individual business may be less so. Energy bills are commonly one to two per cent of turnover. Oil prices have clearly risen but gas prices have changed little in real terms for several years. Energy bills could be little bigger than before 1974.

But actual and expected fuel price increases and awareness of the potential for energy saving makes energy conservation worth taking seriously. Most existing buildings were not designed for energy conservation and are inefficient. Few companies can have fuel bills so small that the potential for savings of 25 or even 50 per cent can be ignored.

### Exploring

The polemical point here is that in exploring the potential for conservation a prime place must be given to the buildings themselves—not just their heating and ventilating plant but the fabric and its pattern of use. Some examples will indicate where the energy flows are and so suggest an approach to energy in buildings. These are of existing buildings—for two reasons.

First, if we wish to make significant energy savings by, say, the year 2000, existing buildings are the priority since most of the buildings for 2000 already exist. Secondly, we need a broad overview to integrate energy flows in buildings, processes and associated transport. This should occur during building design with a design team representing all interests. It is in the day-to-day running of existing buildings and in setting priorities for energy conservation that this balance tends to be lost and the role of buildings neglected.

In the sense that energy management involves taking a balanced view of all energy flows it hardly has a tradition. As an indication consider the number of existing companies and compare it with the number of advertisements for energy managers in the heavy dailies. People of that status are needed to push through conservation investments. Their numbers are negligible.

Energy management has been the concern usually either of well qualified process engineers preoccupied with production, or of the generally less qualified heating and ventilating engineer — more prosaically, the caretaker. Their inclinations, skills and job specifications often mean that any consideration of energy conservation has largely ignored the building's fabric and patterns of use. The importance of these is most easily grasped by a familiar example, the home. We can then see how the principles can be applied elsewhere, though the differing priorities; the large industrial shed (factory or warehouse) provides an interesting contrast.

Buildings lose heat by conduction through their fabric and by excessive ventilation — warm air leaking through gaps in the building fabric and at windows and doors. At home we readily accept that these factors are important. Servicing the heating system, replacing it or switching fuels are not necessarily first priorities. We limit ventilation by draught excluders and cut the heat conduction rate by insulation. Draught stripping and loft insulation plus heating controls can be relatively cheap and are often highly cost-effective.

It is a truism that we put scarce resources where they are most cost-effective. But even at home what to do first may not be immediately obvious. Energy consumption in identical houses has been found to vary by as much as 6:1. So we need some analysis of what energy is used and where to establish priorities for saving.

In the case of a deep shed, the wall area may be relatively small so we ignore it and plan to insulate the roof. But if excessive ventilation is found to be two or three times as great a source of heat loss as conduction through the building fabric, we should look at that first. Leaving industrial doors permanently open often accounts for most of this heat loss, so the most cost-effective measures could be to seal some doors and hang plastic strip curtains over others. Experienced people would suspect this but could rarely be sure on cursory inspection.

There is no substitute for an energy audit, an account which must include the role of buildings. With a fuel savings potential from insulation and ventilation control of maybe 25-50 per cent with less than five years' payback an audit is surely an investment.

### Controlled

The controlled output of a heating system has to match the building fabric, its pattern of use and our ability to control it. If your house is empty all day, for example, you need to be able to warm it up quickly in the evening. Ideally this means combining fast responding heaters with a building fabric that reflects heat, so warming the air rather than soaking it up. Matching of building fabric to heating plant applies to all buildings.

The system must also respond to adventitious gains, to maintain comfort economically at home using heat from machines like TVs and cookers, from lights, sunshine and people. In the factory the main source may be waste process heat. Too often it is not reclaimed but exhausted up the chimney while a separate boiler is generating heat for comfort. Apart from re-emphasising the need to integrate all energy flows it is important to have heat that obeys you.

At home, as we move from room to room, individual room thermostats should respond better to adventitious gains than a single living room thermostat. The factory might also be zoned so that different heating and ventilating conditions apply on a planned way at different times and places rather than having one regime for all occasions.

In the small spaces of the home, to get heat only where you want it should not be too difficult. In the factory heating systems are often inadequate with most heat rising to beneath the roof. This can be drawn down by fans to working level. But there is still the problem of density of occupation. At one extreme 30 children may be tightly packed in a classroom, their combined heat output of around 3 kW enough to warm it on a mild winter day. At the other extreme a large warehouse may be fully heated for the benefit of two men with fork-lift trucks using it intermittently.

As density of occupation decreases it becomes more important to direct heating and ventilation selectively to people, not buildings. Fans drawing down heat from roof level, for example, could direct heat to work stations rather than the working level overall.

Generally energy conservation should not be planned and justified in isolation. Improving comfort may be a necessary end in itself. Sophisticated, automated energy management systems can incorporate wiring for fire and security alarms. Just automating lighting control may only be cost effective if done when overall rewiring is needed. Usually it will be cheaper to combine energy conservation measures with other building work.

Energy managers with a comprehensive overview are as yet relatively rare. Because of this and because energy conservation will go in phases as new measures become cost-effective, it is better to think of energy management as a role rather than as a person. Certainly someone needs a watching brief but a team of in-house staff plus outside consultants can be assembled as required.

Not surprisingly, I see architects and services engineers as people with some of the essential skills. The Department of Energy's Energy Survey Scheme subsidises visits by approved consultants (Tel. 01-211 7074). So the skills are available to take a balanced view of energy, including a prime place for buildings.

**Barrie Evans**
*Technical Editor, The Architects' Journal*

# Professions join the front

THE SCALE of the energy conservation challenge is reflected in the large number of professional bodies and learned societies associated with efforts to solve it. Although measures taken by various professions differ in quality and quantity, it is clear that the problem is being approached on a very broad front, almost reminiscent of the days of "the war effort."

To explore what is being done, the ideal place to begin is an organisation with the prosaic title "The Watt Committee on Energy." This is probably the most important of the independent energy bodies since it represents no fewer than 62 professional institutions and learned societies.

It was formed in 1976, chiefly at the initiative of Sir William Hawthorne, the former chairman of the Government's advisory council on energy conservation, and the Institution of Mechanical Engineers. Its aim is to provide a single independent forum in which professional people would help to contribute to the formulation of national energy policies.

The Watt Committee is very reserved about assessing the progress which its member bodies have made over conservation in the past four years. It is currently preparing a progress report which when published will probably highlight the paucity of efforts by the majority of professions, as well as the few notable success stories.

The Committee itself works through a number of working parties which report to conferences which then publish papers. The Committee also provides a forum for a dialogue between the professions and the Government whose representatives sit on its working parties.

Professional societies also exert their influence on conservation issues through other bodies such as Science Research Councils or the Building Regulations Advisory Committee.

Among the most active bodies are the Royal Institute of British Architects (RIBA), the Chartered Institution of Building Services (CIBS), as well as surveyors and town planners. Although energy was on RIBA's agenda well before the 1973-74 oil crisis, it was not until 1976 that it decided in favour of active collaboration with the Government. Subsequently it joined the executive of the Watt Committee, and formed its own energy group headed by a full-time official.

It has a three-fold policy of educating members through mid-career courses and conferences; providing information and tools for design work; and exhibitions of design examples.

The mid-career energy courses were launched in 1978 with a £25,000 grant from the Energy Department. They have been attended by about 3,500 of Britain's 26,000 architects, and by several hundred civil engineers and quantity surveyors.

Future courses will be arranged jointly with the Chartered Institute of Building Services (CIBS), whose 10,000 members include specialists in heating, ventilation, lighting, water and other services in the building sector. The RIBA believes that there are 100,000 potential candidates for such courses among these and other professions. The Energy Department's grant was also used by the RIBA to set up the 30 regional energy centres on which much of the conservation activity has been centred.

The Energy Department's grant was seeding money for a two-year period and there was no intention of renewing it. The Department of Environment is now, however, considering whether to make an additional £50,000 available to back the combined mid-career conservation courses contemplated by RIBA and the CIBS.

Meanwhile, a more concrete product of RIBA has been a programmable desk-top calculator which enables architects to gauge the heat loss from buildings. This was devised with the help of the fuel industry. Made by Texas Instruments, it costs in the region of £400 and enables architects to evaluate various design options from the point of view of thermal loss. An improved version of the calculator has been brought out with a broader choice of programmes presented in microchip form.

Several hundred calculators have been sold and are said to be proving useful in the profession. The RIBA has also produced a wealth of printed material and, together with the National Association of Building Centres, has created a chain of more than 60 libraries containing manufacturers' product literature.

A notable RIBA publication was a book on "Buildings the Key to Energy Conservation," containing 50 case studies. It was published on the occasion of last October's international energy conservation month, when RIBA held a major conference and exhibition.

On another level, RIBA, in association with the British Gas Corporation, has introduced an award for energy management design. Entrants in the 1980 competition have been asked to consider the energy problems of a Victorian country house near Cheltenham which has been converted into an hotel.

One of the ways in which professions can help to solve energy problems is through the adoption of codes of practice. One of the most important codes is that being issued, in four parts, by the CIBS.

Part 1, already published, deals with basic formulae for building design, covering thermal properties, lighting, fabric and the orientation of buildings. Part 2, to appear shortly, provides comparisons of different design solutions. Parts 3 and 4, which CIBS hopes will be completed in 1980, will cover good housekeeping for existing buildings and targets for design. The whole project has been warmly encouraged by the Environment Department's building regulations department.

### Popular

Like RIBA, CIBS has a well developed regional organisation, and conservation has been a popular theme of its branch lectures.

A code of practice has also been drawn up by the Royal Institute of Chartered Surveyors, and there are proposals that the thermal qualities of houses should become a routine and prominent part of surveys provided to prospective home buyers.

In the end, though, what counts is not just the technical calibre of the various professions and their organisational commitment to energy conservation, but their realisation of its importance for future generations. A lecturer to a group of engineers recently remarked that if professional people and opinion formers were not prepared to think in terms of a low energy future, than the answer to the question "where are we up to in energy consarvation?" must be: "only just past the starting post."

**Maurice Samuelson**

# Architect

CONTINUED FROM PREVIOUS PAGE

heat loss. To prevent heat loss to the ground a sheet of expanded polystyrene is usually laid over the floor slab.

On the north side of the house any good architect would restrict the amount of glazing and arrange for all the south-facing rooms to have as much fenestration as is needed to take advantage of passive solar gain. Large windows to allow for this gain are only desirable in the winter and so a considerable overhang is needed to prevent the high summer sun shining into the building. External solar blinds may also be necessary on bedroom windows in the summer—and of course your architect will see to it that all doors and windows are substantially sealed against draughts.

This kind of house shows that an architect today has to go back to first principles—and often has to abandon fashionable design notions that might demand full glazing or flat roofs.

No matter how important energy conservation is it must not become an end in itself. Good architecture has always been made up of a number of factors — energy saving must become just one of these factors which taken together make for good design.

Architects are always rather keen to point out that it is people that use energy, not buildings. But designers have to take care to design buildings that will be used in an energy-conscious way. It is unlikely that occupiers of a wastefully designed building can be asked to be economical in their use of it. In many respects the consumers energy choices have already been taken for him and the role of the profession, particularly the design profession, is to ensure that the public has a right to feel confident about the design decisions that are being taken on their behalf.

The enthusiasm shown by architects in the past for tower blocks, glass, unnecessary air conditioning and other ills does not give the public the easy confidence they have the right to expect from the profession. But in the field of energy-consciousness the architect is in the vanguard — the next few years will show whether he is to be followed.

**Colin Amery**

# Call for a consistent policy

MONETARY policy will need tn maintain a consistent restrictive pressure, so that inflation is brought down, and the basis thus laid for economic expansion in later years, the Bank of England argues in the assessment section of its latest quarterly *bulletin, published yesterday* evening.

The bulletin nntes that, domestically, mnnetary policy has been operating against strong continuing *inflationary* tensions, and monetary conditions, taken as a whnle, have recently been restrictive. High bank lending has been a principal expansionary factor. It is an important question as to bow loog companies will want to *borrow*, or banks to lend, on the recent scale.

"*It seems probable* that stocks will be substantially reduced in the period ahead; indeed this decline may be an important element in the recession which Bank forecasts continne to suggest is likely. For this reason among others, bank lending could later *fall away*."

"Annther major source of financial pressure on firms has been rising labour costs. In some cases there have been *signs of greater realism* in wage settlemenls—evidenced by greater willingness to take account of what firms can afford to pay, or by the incinsion of significant prodnctivity elements. But the outenme of this wage round *may not, overall show* settlements lower than in the last ronnd, which would be a disappointing result.

"Inflationary attitudes, once deeply entrenched, take time to change. Nevertheless, there remains good grounds for e*xpecting* progress *in* redncing inflatinu, given both the stance of monetary policy and probable demand conditions."

On the international scene, the Bank notes that the big rise in oil prices last year implies major shifts in the *pattern of international* payments imbalances, with greater deficits (or smaller surpluses) for almost all nil consuming countries, and an OPEC surplus as large in real terms as in 1974. The international financial system will again be called on to recycle funds on a very substantial scale.

In some respects, the markets are better equipped *to respond* than in *1974*: sources of funds are more widely spread, more banks are participating in international lending and prudential controls have been considerably strengthened.

"The implicatinns of these *changes for* the *recycling* problems are still not clear. There could be some fragmentation in the market, with a tendency towards smaller loans, arranged among a narrower circle of banks. The prospect of some discriminating increase in spreads is, in *itself, welcome*. With returns more commensurate with the risks assumed, banks which may be holding back from the international lending market may return.

"It would be wrong to conclude that the banks will find beyond their powers problems which, as in 1974, look fnrmidable beforehand. Nevertheless, the problems which the banks face are complex, and some *are* unfamiliar. It will be important that the banks, and the supervisory authorities, pay particular attention to *the* prudential aspects of the international hanking framework, in order tn maintain a system which is sound and which commands confidence.

"It seems clear that international banking flows will need to be complemented and supported by other private flows, and by flows through official channels. It is likely that OPEC surpluses will be *more persistent than* they proved to be after 1974: and it is possible that the connterpart deficits will come to be more concentrated in those countries which have the greatest difficulties in adjusting to the new situation.

"Official institutions may for these reasons have a *greater role to play in 1981* and subsequent years. The dual function of the International Monetary Fund in providing finance, and in *fostering* necessary adjustments, could be particularly helpful. In the near term, thought may need to focus on ways of encouraging a fuller use of IMF resources: over a longer period, the traditional means of providing such *resources may need to be sup*plemented."

# Output decline of 2% forecast

A DECLINE in total output of 2 per cent or more—and perhaps *twice as much* in manufacturing industry—now seems probable in the UK this year, according to the economic commentary in the latest Bank bulletin.

The Bank suggests that it seems likely that the principal factors depressing activity will continue and may, indeed, intensify, notably the prospect of a large fall in stocks. This follows an almost flat trend of output in 1979, mainly because of the *increasing sluggishness* of domestic demand the erosion of industrial competitiveness.

The bulletin notes a fall in manufacturing employment of more than 1½ per cent between August and December. "Changes in employment tend to reflect changes in output with some delay. It may be, however, that increasing financial pressures, coupled with widely-held expectations of a downturn in activity, persuaded some em*ployers to cut* their *labour* forces more promptly than usual. Part of the fall may also have resulted from a restructuring of the Government's employment support schemes."

It seems that the underlying annual rate of increase in earnings moved up from about 16 to 17 per cent at the beginning of the current pay round to around 19 per cent by the end of the year.

"The compression of dif*ferentials*, which *was evident* during the early 1970s, has continued, for non-manual workers, under recent phases of incomes policy. Earning differentials for male manual workers changed very little after 1975; indeed, there is some evidence that they widened slightly in the two years ending in April 1979. In contrast, not only has there been a further narrowing of differentials within the non-manual group, but the earnings of non-*manual* workers *have* continued to fall relative to those of manual workers. Similar patterns emerge for the earnings of manual and non-manual women, although women's earnings as a whole improved relative to those of men in the first-half of the decade."

"Some of the acceleration in costs during 1979 has probably yet to feed through into selling and consumer prices, and some *modest quickening* of *inflation* may be in prospect *over* the next few months."

The combination of the autumn tax rebates, increases in earnings, pensioners' Christmas bonuses and higher interest receipts probably raised real personal disposable incomes by around 5 per cent in the fourth quarter. Consumers' expenditure rose by rather less than 2 per cent, so that the savings ratio probably iocreased to 20 per *cent* or more.

Industrial profitability of industrial and commercial companies (excluding North Sea activities) weakened sharply last year. In the first three quarters, the real pre-tax rate of return on trading assets (after providing for stock appreciation and for capital consumption at current cost) was, on average, 3½ per cent—lower than at any time since 1975.

*While manufacturing* productivity increased by about 4½ per cent between mid-1977 and mid-1979, real *earnings in manufac*turing increased by more than 9 per cent. Substantial rises in raw *material* prices reinforced the pressure on profits in the latter part of 1978 and in 1979.

Profitability is likely to weaken again this year, with the real rate of return falling to perhaps 2 to 2½ per cent. Competitive pressures may intensify, and in addition profits will suffer as activity slackens.

"Evidence of financial pressure of *companies* is *becoming* increasingly clear." In the first three quarters of 1979 the average quarterly financial deficit of non-North Sea companies (£1.3bn) was higher in nominal terms than in the crisis year of 1974 (£1bn) but still well below it in real terms.

Looking at the external prospects, "two favourable factors *this year* will be the further rise in production of North Sea oil and gas, and the impact of the *expected recession* in moderating import growth. The trade deficit in petroleum and petroleum products should be eliminated this year, although the current account will bear the the cost of rising oil interest, profit and dividend debits."

# Post-tax profits increase dividends

THE SHARE of post-tax profits paid out in dividends has been rising in recent years, especially when the figures are adjusted to take account of inflation.

A special article in the latest bulletin considers some of the factors influencing corporate decisions on the size of dividends and reviews the behaviour of divideods and payout *ratios. The latter is defined* as the ratio of dividends, gross of personal income, to post-tax earnings attributable to the equity interest.

Various measures of post-tax equity earnings can be used—conventional historic cost earnings: real equity *profits* calculated as historic cost profits less stock appreciation and additional depreciation needed to provide for replacement costs plus a natural gearing adjustment (that is the decline in the real value of net monetary liabilities); and real equity profits calculated in accordance with Exposure Draft 24 of the Accounting Standards Committee. This is the *basis* of the new accounting standard on current cost accounting.

The article concludes that although the historic cost payout ratio may be the usual benchmark used by company management and shareholders, the real payout ratio deserves more prominence.

The real payout ratio, incorporating a natural gearing adjustment, shows a rather moderate upward trend after 1972, excluding deferred tax, although for special reasons connected with the end of official controls on the size of increases, there was a sharp jump last year. A more relevant indicator may be the Exposure Draft 24 payout ratio, which has been disturbingly high in a number of recent years and now seems likely to receive increasingly attention.

The article says that "although a good deal of receot *economic analysis suggests* that shareholders should be indifferent between divideods and retentions, the factors of information and uncertainty problems generally predispose shareholders to favour dividends."

The current tax regime also provides a fiscal reason for preferring dividends, except in respect of companies that have no tax liability *against* which to offset Advance Corporation Tax, and also, perhaps, for higher rate taxpayers."

"Except in the very short-term, dividend payout behaviour does not seem to have been affected by changes in the tax regime. In particular, there is no suggestion that the ratio was low in the period of the *classical system*. But there *are* too many other factors affecting payout behaviour to be certain that this is a fair inference."

"Judged by the performance of the real payout ratios, dividend controls do not seem to have had a powerful impact. Indeed they may occasionally have had a perverse effect because some companies may have been encouraged to treat the limit as a norm so as to avoid any adverse reaction by the stock market."

**GROSS DIVIDEND PAYOUT RATIOS**

| Percentages | 1977 | 1978 | 1979* |
|---|---|---|---|
| Historic cost | 26.4 | 29.0 | 29.2 |
| "Real"† | 45.0 | 50.0 | 66.1 |

* *First three quarters.*

† Including a "natural" gearing adjustment.

# Oil exporters' cash for investment likely to be double

THE CASH surplus of the oil exporting countries available for investment this year is expected to be at least twice as large as that identified for 1979. It could possibly be in the region of $110bn to $120bn.

A special *article* in the latest bulletin on the deployment of oil money estimates that these countries total cash surplus in the third quarter of last year was about $22.5bn, compared with only $10.7bn for the whole of the first half of the year. The large mid-year oil price rises led to a marked increase in revenues, and the cash surplus for 1979 as a whole was probably about $50bn to $60bn.

During the third quarter, funds held in the UK rose by $8.9bn—the largest quarterly increase since 1974. Most of this was attributable to increases in foreign currency deposits (mainly U.S. dollars). Investment in the U.S. rose by over $2bn and there was a substantial, and widely spread, increase of $9.2bn in bank *deposits* in other countries.

The surplus in the fourth quarter reflects continued high oil and *gas* revenues. Total placements in the UK were less than half of those in the third quarter, mainly because of significantly lower foreign currency deposits.

New *investment in the U.S.* during the fourth quarter was strong, notwithstanding the U.S. freeze on official Iranian assets, and this brought the *total* deployment in that country for the year to around $8bn. It is likely that there were further sizeable increases in bank deposits in other countries in the fourth quarter.

The bulletin also contains an analysis of the likely current account *balances this year* after adjusting for inflation, as measured by the rise in manufactured export prices since 1974. On this basis the oil exporters' surplus this year is likely to be about as large in real terms as at its *previous* peak.

On this occasion, however, a substantial surplus may persist for longer. Although the oil-producers' trade balance may worsen in volume terms, it is unlikely to deteriorate as quickly as in 1974-75; in any case, a deterioration in volume may be offset by some further improvement in the terms of trade, *although the extent of* this will depend on the strength of any recovery in output in industrialised countries in *1981*.

**FINANCIAL FLOWS OF OIL-EXPORTING COUNTRIES**

$ billions

| | 1975 | 1976 | 1977 | 1978 | 1979 |
|---|---|---|---|---|---|
| Oi land gas revenues | 106 | 129 | 142 | 138 | 214 |
| Merchandise exports | 113 | 138 | 153 | 148 | 224 |
| Merchandise imports | −59 | −73 | −89 | −104 | −102 |
| Net visibles, including *official transfers* | −25 | −30 | −37 | −43 | −45 |
| Current balance | 29 | 35 | 27 | 1 | 77 |
| Net external borrowing, etc. | 4 | 2 | 8 | 13 | — |
| *Surplus available for* Investment | 33 | 37 | 35 | 14 | — |
| Identified surplus from deployment table | 35 | 37 | 33 | 13 | 33* |

* Data for first nine months of 1979 only.

**ESTIMATED DEPLOYMENT OF OIL EXPORTERS' SURPLUSES**

$ billions

| | 1977 Year | 1978 Year | 1979 1st qtr. | 2nd qtr. | 3rd qtr. | 4th qtr. |
|---|---|---|---|---|---|---|
| **United Kingdom** | | | | | | |
| British government stocks | — | −0.3 | 0.1 | — | 0.1 | 0.2 |
| Treasury bills | −0.2 | 0.2 | 0.1 | 0.3 | 0.2 | −0.6 |
| Sterling deposits | 0.3 | 0.2 | 0.2 | 0.1 | 0.4 | 0.7 |
| Other *sterling* investments† | 0.4 | 0.1 | — | 0.2 | 0.1 | 0.1 |
| British government *foreign currency* bonds | 0.2 | — | — | — | — | — |
| Other foreign currency *borrowing* | — | — | — | — | — | 0.2 |
| | 4.1 | −1.8 | 2.3 | 2.0 | 8.9 | 4.1 |
| **United States** | | | | | | |
| Treasury bonds and notes | 4.3 | −1.6 | −1.2 | −0.6 | 0.3 | 0.4 |
| *Treasury bills* | −0.8 | −0.9 | — | 0.4 | 1.0 | 1.9 |
| Bank deposits | 0.4 | 0.7 | −0.7 | 1.1 | 0.7 | 3.0 |
| Other† | 5.3 | 3.1 | 0.3 | 0.1 | 0.2 | 0.8 |
| | 9.2 | 1.3 | −1.6 | 1.0 | 2.2 | 6.1 |
| **Other countries** | | | | | | |
| Bank deposits | 7.5 | 5.0 | 1.7 | −0.6 | 9.2 | |
| Special bilateral facilities and other investments†‡ | 12.4 | 8.6 | 3.7 | 2.5 | 2.6 | |
| | 19.9 | 13.6 | 5.4 | 1.9 | 11.8 | |
| International organisations | 0.3 | 0.1 | −0.2 | −0.1 | −0.4 | 0.2 |
| Total | 33.5 | 13.2 | 5.9 | 4.8 | 22.5 | |

* This table excludes liabilities arising from net borrowing and inward direct investment and also, on the assets side, changes in credit given for oil exports.

† Includes holdings of equities, property, etc.

‡ Includes loans to less developed countries.

# Private sector foreign bank deposits grow

THE BANK SUGGESTS that a comparison of transactions by the private sector in the fourth quarter with the experience of the last two years indicates very tentatively, that the removal of exchange controls generated an outflow from the UK of perhaps £750m to £1¼bn. This was roughly the same as the estimate for the third quarter of last year and reflected large repayments of foreign currency borrowing.

At the same time, there was a sharp increase in private sector foreign currency deposits with UK banks. On the other hand, UK purchases of overseas securities were lower than in the previous quarter despite the abolition of the investment currency premium.

By the end of the quarter, there were signs that the outflows had halted in the face of higher domestic rates and a strengthening exchange rate.

# Bulletin to cost £15 a year

THE BANK of England is to introduce a charge for the quarterly bulletin from the June issue. The standard annual subscription will be £15 a year. The remaining three issues in 1980 will be charged for at the single-copy rate of £4 each.

The current issue (volume 20, number 1) is available free from the Bulletin Group, Economics Division, Bank of England, London EC2R 8AH.

# Trade fall-off biggest among multinationals

THE RELATIONSHIP between the extent of manufacturing industry's international integration and its trade *performance* in the 1970s is examined in a special article by Mr. M. Panic and Mr. P. L. Joyce of the Bank's economics division.

The article concludes that although those sectors of UK industry in which international participation is high still tend to have relatively more favourable trade balances than the rest of industry, it is in these sectors which the biggest deterioration in trade performance appears to have occurred in the 1970s.

The authors say their view is not inconsistent with other studies showing, for example, that there has been a tendency for UK exports to do least well in those products for which world demand is increasing *most* rapidly.

The article suggests the deterioration represents the outcome of longer-term developments.

The sectors which are highly internationally integrated tend to be dominated by a relatively small number of firms, most of which operate in more than one country. This means it is open to them to decide, in order to *maximise* their *global returns*, which plants to use more intensively at any particular time, and where to expand productive capacity over a period.

The most important factors likely to affect these decisions are probably: the relative growth (actual and/or potential) of a market: the relative efficiency with which productive facilities are used, or are likely to be used; relative profitability; continuity of supply; and relative stability—that is predictability of economic developments and policies.

Such detailed evidence as there is has tended to draw attention to the weaknesses of UK industry in a number of *these areas*. A comparison of productivity levels in subsidiaries of a number of multinations in major industrial countries concluded it was lowest in the U.K.

Similarly, profitability of direct foreign investment appears to have been lower in the 1970s in the UK than in Western Europe and North America.

Inflationary pressures, which were stronger in the 1970s in *the UK than in many other* industrial countries, may have reduced, by the uncertainties that they generated, the attractiveness of the UK as a production base.

There have been sharp increases in net direct UK investment in Western *Europe* and North America during the 1970s, especially in high technology sectors. There also seem to have been substantial divestments by multinationals in the UK in the early part of the decade, particularly by those of U.S. origin. As the U.S. investments tend to be mainly in high technology sectors, it is in these sectors that most of the divestment has probably taken place.

The authors quote a survey of investment intentions of the leading UK multinationals carried out in 1974 when it was pointed *out that* "UK companies are planning to service their new or expanded European markets mainly from Continental bases.

"This, when coupled with the evidence that Continental firms are servicing their UK markets more through *exports* than from production facilities in the UK, is somewhat discouraging for the future growth of the UK economy."

Companies and Markets

# CURRENCIES, MONEY and GOLD

## £ and $ volatile

There was no clear cut pattern to trading in yesterday's foreign exchange market, and both the dullar and sterling fluctuated quite sharply in a generally featureless market. The continued upward trend in interest rates caused some confusion among traders, and with most currencies see-sawing throughout the day, central banks stayed largely on the side lines and intervened only on a very limited scale.

Sterling was weaker overall, losing 0.2 per cent off its trade weighted index to 72.2. Against the dollar it opened at $2.1940 and touched a high of $2.2010 around 10 am before coming back to $2.1930 by noon. During the afternoon it fell to a low of $2.1880, but came back to $2.1950 before closing at $2.1925-2.1935, a fall of just 10 points from Tuesday.

The dollar eased against most currencies, reflecting in part lower Euro-dollar rates. Against the D-mark it fell to DM 1.8720 from DM 1.8765 and to SwFr 1.7710 from SwFr 1.7760 in terms of the Swiss franc. The Japanese yen was also firmer, and the dollar slipped to Y248.50 from Y248.70. On Bank of England figures, the dollar's trade weighted index fell to 89.1 from 89.2 on Tuesday.

D-MARK—Steady within the European Monetary System, but weaker against dollar following higher U.S. interest rates—The D-mark was weaker overall in Frankfurt yesterday, falling against most currencies at the fixing. Apart from the dollar, which was hardly changed at DM 1.8760 compared with DM 1.8770, the D-mark eased against sterling, with the latter fixed at DM 4.1160 against DM 4.0980, and the French franc, which improved to DM 42.84 per FFr 100 from DM 42.825. The Swiss franc was stronger at DM 1.0580 compared with SwFr 1.0519½ and the Dutch guilder rose to DM 91.14 per Fl 100 from DM 90.96.

BELGIAN FRANC — Weakest member of the EMS, requiring heavy support recently, but still resisting devaluation. The Belgian franc was firmer against most currencies in Brussels yesterday following a 2 per cent rise in the Belgian discount rate to 14 per cent. The dollar slipped to BFr 30.35 from BFr 30.54, and sterling was easier at BFr 66.58 against BFr 66.695. The D-mark was easier at BFr 16.2095 from BFr 16.245, while the Swiss franc was the only currency to show a rise at BFr 17.1630 against BFr 17.081.

SWISS FRANC — Traditionally strong, but recent weakness has prompted relaxation of currency controls. The franc showed signs of recovering in Zurich yesterday, as foreign investors took advantage of the relaxation of controls on currency inflows. The franc's recent weaker trend, especially against the D-mark, appears to have been reversed, and in early trading yesterday, the D-mark eased to SwFr 94.36 per DM 100 against SwFr 96 late last week. There was a general switching out of D-marks and into Swiss francs, and the Swiss National Bank was not seen intervening in the market.

JAPANESE YEN—Energy problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in a support package, and heavy central bank intervention. The yen lost ground against the dollar in fairly light trading. The U.S. unit rose to Y249.10 in Tokyo, unchanged from the opening level, but up from Tuesday's close of Y248.80.

### THE POUND SPOT AND FORWARD

| March 12 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.1880-2.2010 | 2.1925-2.1935 | 0.10c pm-par | 0.27 | 0.35-0.45dis | −0.73 |
| Canada | 2.5685-2.5870 | 2.5775-2.5785 | 0.95-0.85c pm | 4.19 | 1.90-1.80 pm | 2.87 |
| Nethlnd. | 4.49-4.53 | 4.50-4.51 | 3½-2½c pm | 7.99 | 8½-7½c pm | 7.21 |
| Belgium | 66.30-66.80 | 66.35-66.45 | 19-29c dis | −4.34 | 26-36 dis | −1.87 |
| Denmark | 12.78-12.85 | 12.78¾-12.79¾ | 3-4½ore dis | −3.52 | 9¼-11¼ dis | −3.28 |
| Ireland | 1.1070-1.1175 | 1.1080-1.1090 | 0.13-0.08p pm | 1.14 | 0.20-0.14 pm | 0.61 |
| W. Ger. | 4.09½-4.13 | 4.10½-4.11½ | 3½-2½pf pm | 2.49 | 9½-8½ pm | 2.64 |
| Portugal | 109.60-110.60 | 109.70-110.00 | par-30c dis | −1.64 | 0-95 dis | −1.82 |
| Spain | 152.30-153.50 | 152.35-152.45 | 75-120c dis | −7.68 | 250-320 dis | −7.48 |
| Italy | 1910-1912 | 1914-1916 | ½-2½lire dis | −0.94 | 9¼-11¼ dis | −2.25 |
| Norway | 11.08½-11.14½ | 11.09½-11.10½ | 5-3½ore pm | 4.46 | 10-0 pm | 3.24 |
| France | 0.56-9.61½ | 0.57½-9.58½ | 4-3c pm | 4.38 | 9½-8½ pm | 3.86 |
| Sweden | 0.60-9.65 | 0.60½-9.61½ | 3½-3ore pm | 4.21 | 11-10 pm | 4.37 |
| Japan | 542-550 | 544½-545½ | 1.75-1.30y pm | 3.38 | 4.25-3.80 pm | 2.95 |
| Austria | 29.35-29.55 | 29.40-29.45 | 27-17gro pm | 2.97 | 65-58 pm | 8.36 |
| Switz. | 3.87-3.90½ | 3.88-3.89 | 4½-3½c pm | 13.13 | 10½-9½ pm | 10.42 |

Belgian rate is for convertible francs. Financial franc 69.50-69.60. Six-month forward dollar 0.55-0.65c dis. 12-month 0.10-0.20c dis.

### THE DOLLAR SPOT AND FORWARD

| March 10 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.1880-2.2010 | 2.1925-2.1935 | 0.10c pm-par | 0.27 | 0.35-0.45dis | −0.73 |
| Ireland† | 1.9710-1.9790 | 1.9750-1.9760 | 0.25-0.15c pm | 1.21 | par-0.10 dis | −0.10 |
| Canada | 1.1752-1.1769 | 1.1763-1.1766 | 0.45-0.40c pm | 4.34 | 1.25-1.15 pm | 4.09 |
| Nethlnd. | 2.0490-2.0610 | 2.0500-2.0510 | 1.40-1.30c pm | 7.53 | 4.20-4.10 pm | 7.72 |
| Belgium | 30.28-30.42 | 30.27-30.29 | 7-13c dis | −3.96 | 6-12 dis | −1.19 |
| Denmark | 5.8280-5.8560 | 5.8365-5.8380 | 1.65-2.15ore dis | −3.90 | 3.25-3.75dis | −2.40 |
| W. Ger. | 1.8660-1.8780 | 1.8715-1.8725 | 1.46-1.36pf pm | 0.04 | 4.44-4.34 pm | 0.38 |
| Portugal | 50.00-50.20 | 50.10-50.20 | 2c pm-12 dis | −1.20 | 8pm-32dis | −0.96 |
| Spain | 69.45-69.75 | 69.45-69.55 | 35-55c dis | −7.75 | 90-115 dis | −5.89 |
| Italy | 871.50-875.50 | 873.25-874.00 | 0.6-1.1lire dis | −1.17 | 3-4 dis | −1.50 |
| Norway | 5.0580-5.0775 | 5.0580-5.0690 | 2.10-1.60ore pm | 4.38 | 5.75-5.25pm | 4.35 |
| France | 4.3570-4.3840 | 4.3685-4.3710 | 1.45-1.35c pm | 3.85 | 4.90-4.70pm | 4.40 |
| Sweden | 4.3770-4.3905 | 4.3770-4.3780 | 1.80-1.60ore pm | 4.66 | 5.80-5.60pm | 5.21 |
| Japan | 248.30-249.10 | 248.45-248.55 | 0.75-0.60y pm | 3.26 | 2.40-2.25pm | 3.74 |
| Austria | 13.39-13.45¼ | 13.40¾-13.41¼ | 8.00-8.00gro pm | 7.60 | 32.25-29.75pm | 8.24 |
| Switz. | 1.7630-1.7760 | 1.7705-1.7715 | 2.00-1.90c pm | 13.21 | 6.35-5.25pm | 11.97 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY RATES

| Mar. 18 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 17 | 0.580104 | 0.511137 |
| U.S. $ | 13 | 1.26694 | 1.33747 |
| Canadian $ | 14 | 1.48651 | 1.57728 |
| Austria Sch. | 5¼ | u.a. | 19.0358 |
| Belgian F. | 18 | 38.5024 | 40.7394 |
| Danish K | 13 | 7.48034 | 7.83042 |
| D'Mark | 7 | 2.37805 | 9.50910 |
| Guilder | 0½ | 2.51750 | 8.75021 |
| French Fr. | 8½ | 5.57074 | 5.86348 |
| Lira | 16 | 1107.31 | 1158.05 |
| Yen | 0 | 315.088 | 338.558 |
| Norwgn. Kr. | 0 | u.a. | 8.70308 |
| Spanish Pts. | 8 | 88.3288 | 03.3824 |
| Swedish Kr. | 10 | 5.55782 | 5.87552 |
| Swiss Fr. | 3 | 0.26617 | 2.38338 |

### CURRENCY MOVEMENTS

| Mar. 18 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 78.2 | −33.0 |
| U.S. dollar | 89.1 | −4.9 |
| Canadian dollar | 81.5 | −17.0 |
| Austrian schilling | 103.8 | +23.4 |
| Belgian franc | 113.7 | +13.3 |
| Danish kroner | 105.0 | −4.0 |
| Deutsche mark | 153.3 | +44.0 |
| Swiss franc | 101.0 | +74.4 |
| Guilder | 124.0 | +19.5 |
| French franc | 100.0 | −6.5 |
| Lira | 53.4 | −50.5 |
| Yen | 116.4 | +15.3 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### OTHER CURRENCIES

| Mar. 10 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 3203-3823 | 1735-1745 | Austria | 28.05-20.00 |
| Australia Dollar | 8.0180-2.0200 | 0.8000-0.8205 | Belgium | 60.35-58.90 |
| Brazil Cruzeiro | 101.80-108.90 | 46.45-48.80 | Denmark | 10.80-18.88 |
| Finland Markka | 8.54-8.55 | 3.8980-3.0000 | France | 0.53-0.50 |
| Greek Drachma | 88.049-90.138 | 40.00-40.20 | Germany | 4.00-4.11½ |
| Hong Kong Dollar | 11.08-11.10 | 5.0580-6.0750 | Italy | 1880-1940 |
| Iran Rial | n/a | n/a | Japan | 548-553 |
| Kuwait Dinar(KD) | 0.602-0.518 | 0.2760-0.2761 | Netherlands | 4.48½-4.51 |
| Luxembourg Frc. | 66.35-66.45 | 30.27-30.29 | Norway | 11.10-11.18 |
| Malaysia Dollar | 4.8825-4.8935 | 2.2330-8.2350 | Portugal | 105½-110 |
| New Zealand Dlr. | 2.3045-2.3085 | 1.0515-1.0550 | Spain | 148½-155½ |
| Saudi Arab. Riyal | 7.28-7.38 | 3.3385-3.3415 | Sweden | 9.50-8.56 |
| Singapore Dollar | 4.8600-4.8700 | 2.2285-8.2245 | Switzerland | 3.86½-3.80½ |
| Sth. African Rand | 1.7730-1.7765 | 0.8085-0.8100 | United States | 2.19-2.192 |
| U.A.E. Dirham | 8.17-8.27 | 3.7350-3.7380 | Yugoslavia | 48-51 |

Rate given for Argentina is free rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU March 19 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 40.7040 | +2.30 | +1.45 | ±1.53 |
| Danish Krone | 7.72336 | 7.82991 | +1.38 | +0.53 | ±1.125 |
| German D-Mark | 2.48208 | 2.51060 | +1.15 | +0.30 | ±1.64 |
| French Franc | 5.84700 | 5.85783 | +0.19 | −0.66 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.75366 | +0.37 | −0.48 | ±1.512 |
| Irish Punt | 0.668201 | 0.678861 | +1.60 | +0.75 | ±1.668 |
| Italian Lira | 1157.79 | 1171.03 | +1.14 | +0.80 | ±4.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.80-17.90 per cent; three-months 12.50-18.60 per cent; six-months 12.65-12.75 per cent, one year 17.30-17.40 per cent.

| Mar. 12 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 16⅛-16½ | 15¼-15½ | 8⅛-9⅛ | 9¼-8¼ | ¾-1 | 7⅛-7½ | 12¼-12½ | 12½-14½ | — | 10¾-12 |
| 7 days' notice | 16¾-15⅞ | 15½-15¾ | 8¼-9½ | 9¼-9½ | 1-1¼ | 7⅝-7¾ | 12½-12¾ | 15¼-16¾ | 16¼-16½ | 12¾-13 |
| Month | 17⅛-17½ | 17-17¼ | 13½-13⅞ | 9⅞-10⅛ | 4½-4⅝ | 8¼-8⅜ | 15⅛-15⅜ | 18-18¾ | 17¹⁄₁₆-17⅛ | 15⅝-13¾ |
| Three months | 18⅛-18¼ | 18⅛-18⅜ | 14⅞-15¼ | 10⅛-11⅛ | 6⅝-6¾ | 8⅞-8⅞ | 14⅛-14⅜ | 20-20¾ | 18⅛-18⅝ | 14½-14⅝ |
| Six months | 18⅞-18⅞ | 18⅝-19 | 15¼-15⅝ | 11½-11¾ | 7⅛-7⅜ | 9⅛-9⅜ | 14½-14¾ | 20¼-21¼ | 18¾-18⅞ | 14½-14⅝ |
| One year | 17⅜-17½ | 17¼-17⅜ | 15-15⅝ | 12¼-12½ | 6⅝-6⅝ | 8⅜-8⅝ | 14¾-15 | 20½-21½ | 17½-17⅝ | 15⅜-13⅝ |

Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15½-15¾ per cent; four years 15¼-15½ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

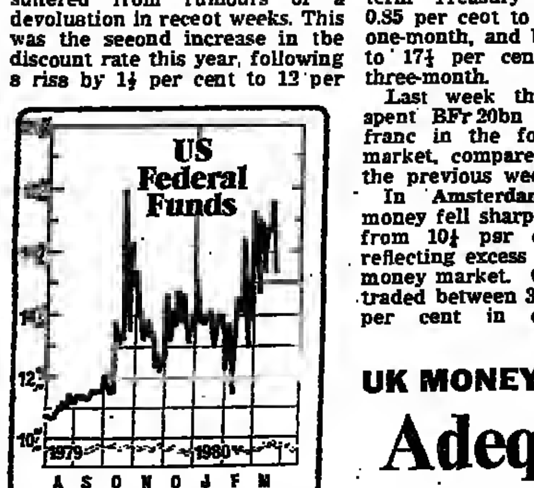
### EXCHANGE CROSS RATES

| Mar. 19 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.105 | 4.108 | 546.0 | 9.580 | 3.885 | 4.505 | 1015. | 2.579 | 58.40 |
| U.S. Dollar | 0.456 | 1. | 1.873 | 248.5 | 4.568 | 1.772 | 2.054 | 873.0 | 1.176 | 50.28 |
| Deutschemark | 0.243 | 0.534 | 1. | 132.7 | 2.332 | 0.948 | 1.027 | 456.1 | 0.628 | 15.17 |
| Japanese Yen 1,000 | 1.835 | 4.024 | 7.537 | 1000. | 17.68 | 7.128 | 8.255 | 3513. | 4.730 | 121.9 |
| French Franc 10 | 1.044 | 2.288 | 4.288 | 568.2 | 10. | 4.055 | 4.705 | 1888. | 2.691 | 09.31 |
| Swiss Franc | 0.857 | 0.564 | 1.057 | 140.3 | 2.466 | 1. | 1.160 | 482.8 | 0.664 | 17.09 |
| Dutch Guilder | 0.222 | 0.487 | 0.912 | 121.0 | 2.127 | 0.862 | 1. | 425.0 | 0.572 | 14.74 |
| Italian Lira, 1,000 | 0.522 | 1.145 | 2.145 | 284.7 | 0.004 | 2.029 | 2.353 | 1000. | 1.347 | 34.58 |
| Canadian Dollar | 0.388 | 0.851 | 1.593 | 211.4 | 3.715 | 1.507 | 1.747 | 748.5 | 1. | 25.78 |
| Belgian Franc 100 | 1.505 | 5.503 | 6.185 | 920.9 | 14.43 | 0.251 | 5.795 | 2885. | 3.885 | 100. |

### INTERNATIONAL MONEY MARKET

## Belgian bank rate up

The Belgian National Bank raised its discount rate by 2 per cent to 14 per cent, to assist the Belgian franc which remains the weakest member of the European Monetary System and has suffered from rumours of a devaluation in recent weeks. This was the second increase in the discount rate this year, following a rise by 1½ per cent to 12 per cent at the end of February. The discount rate is also equal to the "A" quota rate, which is charged on the first third of commercial bills discounted by the banks with the authorities. The "B" quota rate—the penal rate at which the banks discount the remaining two-thirds of their bills—has been increased by 1½ per cent to 15 per cent.




Lombard rate, which is charged for the banks normal monthly advances, has also been raised by 1½ per cent to 15 per cent, while special advances, charged after the Lombard facility has been used up, was left at 18 per cent, following the increase in that rate last Friday.

These moves followed another rise in interest rates on short-term Treasury certificates, by 0.35 per cent to 17 per cent for one-month, and by 0.50 per cent to 17½ per cent for two- and three-month.

Last week the central bank spent BFr 20bn to support the franc in the foreign exchange market, compared with BFr 8bn the previous week.

In Amsterdam official call money fell sharply to 5 per cent from 10¼ per cent yesterday, reflecting excess liquidity in the money market. Overnight funds traded between 3 per cent and 5 per cent in early dealings,

### GOLD

## Further rise

Gold continued to improve in the London bullion market yesterday and closed at $517-523, a rise of $39 an ounce. The impetus appeared to stem firstly from Hong Kong and then Switzerland, and after opening at $505-511 in London, the metal rose to $514 at the morning fixing and touched a high for the day of $532-538 just before the afternoon fixing. It was fixed at $527, and tended to drift easier for the rest of the day.

In Paris the 12½ kilo bar was fixed at FFr 73,500 per kilo ($524.33 per ounce) compared with FFr 69,000 ($489.97) in the morning and FFr 66,000 ($466.86) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,600 per kilo ($524.04 per ounce) against DM 28,270 ($468.54) previously.

| | Mar. 10 | | Mar. 18 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $517-523 | (£036-839) | $478-484 | (£218-221) |
| Opening | $505-511 | (£230-233) | $472-478 | (£215½-219½) |
| Morning fixing | $514 | (£834.275) | $474 | (£217.055) |
| Afternoon fixing | $527 | (£230.875) | $481.50 | (£219.010) |
| **Gold Coins** | | | | |
| Krugerrand | $555-540 | (£244-247) | $482-487 | (£224½-227½) |
| Mapleleaf | $530-540 | (£241-247) | $490-500 | (£223½-228½) |
| New Sovereigns | $155-156 | (£50½-62½) | $132-124 | (£55½-58½) |
| King Sovs. | $150-153 | (£68-70) | $143-148 | (£65-68) |
| Victoria Sovs. | $151-154 | (£60-71) | $143-149 | (£65-68) |
| French 20s | $135½-158½ | | $130-133 | |
| 00 pesos Mexico | $680-630 | | $590-600 | |
| 100 Cor. Austria | $505-518 | | $474-484 | |
| $20 Eagles | 3070-680 | | $650-665 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

### UK MONEY MARKET

## Adequate supply

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities did not intervene. Discount houses were in a comfortable position from the start, in anticipation of monthly make-up day for the banks, and were not aggressive bidders for overnight reserve asset money, which eased to 10 per cent in places towards the close.

Trading in non-reserve asset money for very short periods up to seven days remained active however, with houses paying 16 per cent for week fixed money, compared with 16¼-16⅝ per cent on Tuesday, and 17-17¼ per cent at the beginning of last week.

In the interbank market overnight loans opened at 14-14½ per cent, and touched 15½-16 per cent, before easing to 6-8 per cent towards the close.

Banks brought forward slightly run down balances, repayment was made of the small amount lent to the houses on Monday, and there was a small net take-up of Treasury bills to finance. On the other hand Government disbursements were moderately in excess of revenue payments to the Exchequer.

Rates in the table below are nominal in some cases.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 18½-19 |
| Fed. Funds | 15-15½ |
| Treasury Bills (13-week) | 14.40 |
| Treasury Bills (26-week) | 14.56 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 7 |
| Overnight Rate | 8.475 |
| One month | 9.125 |
| Three months | 8.725 |
| Six months | 10.025 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 12.25 |
| One month | 13.5625 |
| Three months | 14.1875 |
| Six months | 14.1875 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 2 |
| Call (Unconditional) | 12 |
| Bills Discount (three-month) | 13.2125 |

### LONDON MONEY RATES

| Mar. 12 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 6-80 | — | — | — | 17-17½ | 10-14 | — | — | — |
| 2 days notice | — | — | 17⅝-18⅛ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 18⅛-16¾ | 17⅞-18⅛ | — | 18 | 17¾-17⅛ | 16-16½ | — | — | — |
| One month | 17⁵⁄₁₆-17½ | 17⅝-17¾ | 18-18⅜ | 18⅞-18½ | 18 | 17⅞-18 | 15⅝ | 15⅞ | 17⅞ | 18¼ |
| Two months | 17⅝-17¾ | 17⅝-17⅞ | — | 18-18½ | 18¼ | — | 15⅝ | 15⅞ | 17¾-17⅞ | 18⅛ |
| Three months | 17⅛-17¾ | 17⅞-18 | 18⅜-18⅝ | 18⅝-17⅞ | 18⅜ | 18½ | 15½ | 15-16 | 17⅞-17⅝ | 17¾ |
| Six months | 17⅝-17⅞ | 17⅜-17⅝ | 17⅞-18½ | 17⅞-17⅜ | 18 | 18⅛ | — | — | 16-15½ | 16⅜ |
| Nine months | 16½-15⅞ | 15⅞-17 | — | 17⅜-17¼ | 17½ | — | — | — | — | — |
| One Year | 16⅝-16⅞ | 15⅝-15⅞ | 17½-17⅞ | 17¼-17 | 17⅝ | 17¾ | — | — | — | — |
| Two years | — | — | 16⅞-17¼ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rate nominally three years 16-16¼ per cent; four years 16-16¼ per cent; five years 15⅞-16 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¼ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15¾ per cent; two-months 15¹¹⁄₁₆-15¹⁵⁄₁₆ per cent; three-months 15²¹⁄₃₂-16⁵⁄₃₂ per cent. Approximate selling rates for one-month bank bills 17¾ per cent; two months 17⅝-17¹¹⁄₁₆ per cent; three-months 17⁷⁄₁₆-17½ per cent; one-month trade bills 12 per cent; two-months 17⅞ per cent and three-months 17½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from March 1, 1972. Clearing Bank Deposit Rates for sums at seven days' notice 15 percent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1132 per cent.

### APPOINTMENTS

## Thames Television Board post

Mr. Ronald Denny, managing director of Rediffusion Limited has joined the Board of THAMES TELEVISION. He succeeds Mr. D. R. W. Dicks, a director of that company since its formation in 1968, who has resigned from the Board as he will reach normal retirement age at the end of this year. Mr. Denny joined the BBC in 1943 and went to ATV Network in 1955, where he later held the position of general manager of its Elstree television production centre. He became a member of Rediffusion's executive staff in 1970 and was appointed to his present position there in 1979.

★

Mr. W. M. Thom has been appointed a director of HAT GROUP and continues as managing director of its painting division.

★

Mr. A. Ross Belch, retiring chairman and managing director of Scott Lithgow has been appointed a director of Lloyd's brokers GAULT ARMSTRONG AND KEMBLE and GAULT ARMSTRONG AND KEMBLE (INTERNATIONAL).

★

Mr. Peter Pummell, at present general manager of Sun Life Unit Assurance, has been appointed marketing executive of the parent concern SUN LIFE ASSURANCE. Mr. Brian Symonds who is pensions servicing manager at the Society's London area office, has been made assistant executive of Sun Life Assurance as pensions development manager.

★

Mr. F. A. J. Smit and Mr. K. B. Boocock have been appointed directors of COMBINED ENGLISH STORES GROUP. Mr. Smit is a director of N.V. Amev. Mr. Boocock was formerly an associate director of the company.

★

Lord Chalfont has been appointed a non executive-director of SHADWICK CONSULTANTS. Lord Chalfont was Minister of State at the Foreign and Commonwealth Office (1964-1970) and his directorships include IBM UK Limited and IBM UK (Holdings).

Professor F. G. T. Holliday, vice-chancellor of Durham University, has been appointed a non-executive director of SHELL U.K.

★

Dr. Eric Midwinter has been appointed director of the NATIONAL CORPORATION FOR THE CARE OF OLD PEOPLE from September 1. He will succeed Mr. Hugh Mellor, who has been with NCCOP for 29 years. Dr. Midwinter is head of the public affairs unit of the National Consumer Council.

★

Mr. David W. Dennen has become managing director of the LILLY RESEARCH CENTRE, Windlesham, Surrey. He was previously the director of Antibiotic Technical Services for Eli Lilly and Co.

★

Mr. James E. Sweeney, managing director of E. F. Hutton and Co. (London), has been appointed to the Board of LONDON COMMODITY EXCHANGE. Mr. Sweeney is a vice-president of E. F. Hutton and Co. Inc. in New York and has been in charge of its European Commodities since 1975.

Mr. Ronald Denny

★

UNILOCK HOLDINGS states that following the acquisition of Ergonom International Holdings, Mr. Anthony White and Mr. William Hall, co-founders of Ergonom, are to join the Unilock Board.

### EUROPEAN OPTIONS EXCHANGE

| Series | | April Vol. | April Last | July Vol. | July Last | Oct. Vol. | Oct. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN C | F.360 | — | — | 15 | 7.50 | — | — | F.280 |
| ABN C | F.380 | — | — | 10 | [illegible] | — | — | |
| AKZ C | F.22.50 | 40 | 1.50 | 22 | 2.30 | — | — | F.22.00 |
| AKZ C | F.25 | 147 | 0.50 | 225 | 0.90 | 21 | 1.50 | |
| AKZ C | F.27.50 | — | — | 10 | 0.40 | — | — | |
| AKZ C | F.30 | — | — | 20 | 0.20 | — | — | |
| AKZ P | F.25 | — | — | 10 | 0.30 | — | — | |
| AKZ P | F.27.50 | — | — | 2 | 2 | — | — | |
| EK C | $45 | — | — | 2 | 5 | — | — | $47¾ |
| EK C | $50 | 8 | 1½ | 2 | 2¾ | — | — | |
| HEI C | F.55 | — | — | 5 | [illegible] | 1 | 1.50 | F.51 |
| HEI C | F.75 | — | — | — | — | — | — | |
| IBM C | $60 | — | — | 2 | 5 | — | — | $55 |
| IBM C | $70 | — | — | 2 | 2¼ | — | — | |
| KLM C | F.60 | 15 | 5.40 | — | — | — | — | F.64.50 |
| KLM C | F.70 | 30 | 0.50 | 54 | 3.30 | 7 | 4.80 | |
| KLM C | F.80 | 10 | 0.10 | 31 | 0.60 | 2 | 2.30 | |
| KLM C | F.90 | — | — | 10 | 0.50 | — | — | |
| KLM P | F.60 | 112 | 1.70 | 25 | 4.10 | — | — | |
| KLM P | F.70 | 32 | 0.50 | — | — | 10 | — | |
| KLM P | F.80 | 1 | 16.50 | 8 | 16 | — | — | |
| NN C | F.100 | 6 | — | — | — | — | — | F.103.30 |
| NN C | F.110 | 72 | 0.20 | — | — | — | — | |
| NN C | F.110 | 30 | 0.20 | — | — | — | — | |
| NN C | F.126 | 1 | 0.10 | — | — | — | — | |
| NN P | F.115 | 8 | 12.80 | — | — | — | — | |
| PET C | Fr.6000 | 00 | 80 | — | — | — | — | Fr.6370 |
| PET C | Fr.6500 | — | — | 1 | 80 | — | — | |
| PHI C | F.17.50 | 35 | 1 | 8 | 1.60 | 70 | 1.90 | F.18 |
| PHI C | F.20 | 100 | 0.20 | 838 | 0.70 | 198 | 0.00 | |
| PHI C | F.22.50 | 33 | 0.10 | 14 | 0.30 | — | — | |
| PHI P | F.20 | 50 | 0.10 | 11 | 0.40 | — | — | |
| PHI P | F.25 | — | — | 6 | 7.40 | — | — | |
| RD C | F.140 | 50 | 15.50 | — | — | — | — | F.154.60 |
| RD C | F.145 | 8 | 10.20 | — | — | — | — | |
| RD C | F.150 | 818 | 7.50 | 43 | 9.30 | 25 | 12.50 | |
| RD C | F.160 | 365 | 2.60 | 508 | 5.30 | 31 | 7.50 | |
| RD C | F.170 | 306 | 0.70 | 235 | 2.80 | 74 | 4 | |
| RD P | F.140 | 58 | 0.50 | 21 | — | 4 | 4.60 | |
| RD P | F.145 | 97 | 1.20 | — | — | — | — | |
| RD P | F.150 | 069 | 2.50 | 58 | 7 | — | — | |
| RD P | F.160 | 51 | 7.50 | 13 | 7.50 | — | — | |
| RD P | F.170 | 0 | 15.50 | 61 | 10.60 | — | — | |
| UNI C | F.110 | 6 | 2 | — | — | 5 | 5.50 | F.109 |
| UNI C | F.115 | 8 | — | 10 | 2.50 | 5 | 3.40 | |
| UNI C | F.120 | — | — | — | — | — | — | |
| UNI C | F.130 | 5 | 0.10 | — | — | — | — | |
| UNI P | F.105 | — | — | 9 | 4.50 | — | — | |
| UNI P | F.110 | 8 | 2.20 | — | — | — | — | |
| **Series** | | **May Vol.** | **May Last** | **Aug. Vol.** | **Aug. Last** | **Nov. Vol.** | **Nov. Last** | **Stock** |
| BA C | $60 | 3 | 4 | — | — | — | — | $56⅞ |
| BA C | $70 | 13 | 1⅛ | — | — | — | — | |
| BAS C | DM.160 | 2 | 1.50 | — | — | — | — | DM157.56 |
| DXY C | $25 | 1 | 0¾ | — | — | — | — | $25⅛ |
| SLB C | $120 | 2 | 2⅛ | — | — | — | — | $103⅞ |
| VEB C | DM.160 | 10 | 2 | — | — | — | — | DM148.40 |
| VW D | DM.180 | 5 | 7 | — | — | — | — | DM178 |
| VW C | DM.190 | — | — | — | — | 6 | 9 | |

TOTAL VOLUME IN CONTRACTS 4200

C=Call P=Put

### BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 17 % |
| Allied Irish Bank | 17 % |
| Amro Bank | 17 % |
| American Express Bk. | 17 % |
| Henry Ansbacher | 17 % |
| A P Bank Ltd. | 17 % |
| ■ Arbuthnot Latham | 17 % |
| Associates Cap. Corp. | 17 % |
| Banco de Bilbao | 17 % |
| Bank of Credit & Cmce. | 17 % |
| Bank of Cyprus | 17 % |
| Bank of N.S.W. | 17 % |
| Banque Belge Ltd. | 17 % |
| Banque du Rhone et de la Tamise S.A. | 17½% |
| Barclays Bank | 17 % |
| Bremar Holdings Ltd. | 18 % |
| Brit. Bank of Mid. East | 17 % |
| Brown Shipley | 17 % |
| Canada Perm't Trust | 18 % |
| Cayzer Ltd. | 17 % |
| Cedar Holdings | 17 % |
| ■ Charterhouse Japhet | 17 % |
| Choulartons | 17 % |
| C. E. Coates | 17 % |
| Consolidated Credits | 17 % |
| Co-operative Bank | *17 % |
| Corinthian Secs. | 17 % |
| The Cyprus Popular Bk. | 17 % |
| Duncan Lawrie | 17 % |
| Eagil Trust | 17 % |
| E. T. Trust Limited | 17 % |
| First Nat. Fin. Corp. | 18½% |
| First Nat. Secs. Ltd. | 18 % |
| Robert Fraser | 18 % |
| ■ Antony Gibbs | 17 % |
| Greyhound Guaranty | 17 % |
| Grindlays Bank | ‡17 % |
| ■ Guinness Mahon | 17 % |
| ■ Hambros Bank | 17 % |
| ■ Hill Samuel | §17 % |
| C. Hoare & Co. | †17 % |
| Hongkong & Shanghai | 17 % |
| Industrial Bk. of Scot. | 17½% |
| Keyser Ullmann | 17 % |
| Knowsley & Co. Ltd. | 18½% |
| Langris Trust Ltd. | 17 % |
| Lloyds Bank | 17 % |
| Edward Manson & Co. | 18 % |
| Midland Bank | 17 % |
| ■ Samuel Montagu | 17 % |
| ■ Morgan Grenfell | 17 % |
| National Westminster | 17 % |
| Norwich General Trust | 17 % |
| P. S. Refson & Co. | 17 % |
| Rossminster | 17 % |
| Ryl. Bk. Canada (Ldn.) | 17 % |
| Schlesinger Limited | 17 % |
| E. S. Schwab | 17 % |
| Security Trust Co. Ltd. | 18 % |
| Standard Chartered | 17 % |
| Trade Dev. Bank | 17 % |
| Trustee Savings Bank | 17 % |
| Twentieth Century Bk. | 17 % |
| United Bank of Kuwait | 17 % |
| Whiteaway Laidlaw | 17½% |
| Williams & Glyn's | 17 % |
| Wintrust Secs. Ltd. | 17 % |
| Yorkshire Bank | 17 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

# WORLD STOCK MARKETS

# Further early Wall St. rally

TUESDAY'S late afternooo techoical rally on Wall Street was takeo a stage further in fairly active early dealings yesterday.

This follows the sharp slide of the past month oo inflation worries, and Monday's fresh retreat on disillusionment with the Carter Administration's anti-inflatioo package.

The Dow Jones Industrial Average, after regaining 13 points oo Tuesday, was 2.39 firmer at 804.01 at 1 pm. The NYSE All Common Iodex picked up 41 ceots more to $59.50 and gains outscored declines by a nine-to-four ratio. Turnover amounted to 25.79m shares at 1 pm (33.62m).

However, analysts said investors cootinue to worry about rising interest rates and the threat of a severe recession as a result of the anti-inflatioo package uoveiled over the weekend.

Oil, Metal and Mining shares continued to lead the recovery. Volume leader Texaco put on ⅝ to $36⅛, Gulf Oil ½ to $43¼, Mobil 2¾ to $76⅛, Exxon ¾ to $59⅜, Superior Oil $7 to $140½ and Getty Oil $2 to $78.

Gold and Silver issues responded to rising Bullion prices. Active Benguet gained $1 to $8⅛, Homestake Mining 1⅞ to $48⅛, Dome Mines, which raised the dividend, 4⅞ to $61 and Sunshine Mining 2⅞ to $28⅞.

St Joe Minerals, which plans a joint coal venture with Royal Dutch/Shell Group, added 2⅛ at $45⅞. Active Asarco gained 1⅞ to $38, Inco 1⅛ to $25¾ and Alcoa ⅞ to $60.

THE AMERICAN SE Market Value Index rallied 5.59 more to 258.86 at 1 pm. Volume 3.67m shares (4.99m).

## Canada

There was a widespread recovery on Canadian markets yesterday morning in active trading. The Toronto Composite Index advanced 35.1 to 1,919.8 at mid-day, while Oil and Gas rose 131.3 to 4,350.0, Golds 163.7 to 2,933.1 and Metals and Minerals 47.1 to 1,971.2. In Mootreal, Banks moved up 3.64 to 304.26.

**Closing prices for North America were not available for this edition.**

## Tokyo

With the 1½ points rise in the Bank of Japan's official discount rate to 9 per cent having been well aoticipated, the stock market staged an early recovery yesterday. However, buying interest later faded ahead of today's national holiday, and shares finished mixed to easier on balance.

The Nikkei-Dow Jones Average closed a modest 6.55 up at 6,584.76, but falls on the First Market sectioo outnumbered rises at the finish by 349 to 276. There was a fair business of 320m shares (270m).

Large-capital issues, including Steels and Shipbuildings, were mostly higher on meeting institutional buying, while Oils, most Trading Houses, Non-ferrous Metals and some Light Electricals also fared well. In contrast, Collieries and Precision Instruments declined.

Nippon Oil gained Y40 to Y2,280, Kobe Steel Y7 to Y179, Furuqawa Mining Y22 to Y287, Mitsubishi Heavy Y3 to Y179, Sony Y30 to Y1,720, Pioneer Electronic Y40 to Y1,820 and Teikoku Oil Y40 to Y1,140.

However, Fuji Photo, Y486, and Canon, Y587, dipped Y13 apiece.

## Paris

Stocks staged a good recovery over a broad front after the downtrend spanning the past nine consecutive trading sessions, with investors drawing encouragemeot from the overnight Wall Street rally.

Brokers said that many investors had been oversold, and that speculators had been bargain hunting.

Oils were by far the most favoured issues, with Gold Mines comiog a close second following the rise in the price of Bullion.

Several shares were temporarily suspended due to an influx of buying orders, including Francaise des Petroles BP, which announced a sharp turnround to profits in 1979 and advanced FFr 11.50 to FFr 105.00. Esso rose FFr 19.10 to FFr 328 and Beghin FFr 10.80 to FFr 161.80.

Elf Aquitaine climbed FFr 51 to FFr 1,329 on sharply higher profits.

## Australia

Reoewed foreign support and heavy institutional buying fuelled an across-the-board rally.

Borkers said renewed interest in the speculative area, combined with improved base metal and gold prices aided the recovery. The Sydney All Ordinaries index recouped 10.83 at 781.45 and the Metals and Minerals index 91.92 at 473.27.

Rundle oil shale issue Central Pacific recovered A$3 to A$31, while among members of the Ashtoo diamond consortium, Ashton Mining rose 25 cents to A$2.35 and Northern Mining 15 cents to A$2.05.

Elsewhere in Minings, Utah gained 42 cents to A$4.12, North Broken Hill 25 cents to A$3.05 and Hamersley 20 cents to A$3.40.

BHP added 45 ceots at A$12.20 and ICI Australia 18 cents at A$2.80.

## Germany

The market closed modestly firmer on a technical recovery after the receot weak erfprmance The Commerzbank index, following a fall of 14.8 the previous day to a new 1979-80 low regained 2.8 to 689.4.

Following further initial selling, prices picked up as operators covered short positions, but the tone turned weak again late in the session. The depressed Bond market continued to affect share prices despite the technical upswing, brokers said.

Degussa regained DM 6 in Chemicals and Brown Boveri recouped DM 4.80 in Electricals, while KHD put on DM 1.90 in Engineerings and Karstadt DM 2.50 in Stores. Deutsche Bank, however, ended DM 2.30 lower.

Domestic Bonds recorded fresh falls ranging to DM 1, while the Bundesbank purchased DM 31.2m nominal of stock (DM 14.8m). Mark Eurobonds also lost ground.

## Hong Kong

Shares generally lost further ground in moderate trading, although there were isolated gains. The Hang Seng index, after Tuesday's severe setback of 35.54, shed 8.84 more to 738.92.

Helping to slow the market's fall yesterday was a slight overall firming of the Hong Kong dollar on a trade weighted basis, despite a weakening against the U.S. unit.

Investors thus seculated that the local Exchange Banks Association may not raise prime lending rate this weekend, as had beeo previously expected in the face of higher U.S. interest rates.

Jardine Matheson lost 30 cents to HK$13.50, Cheung Kong 50 cents to HK$17.90, HK Land 30 cents to HK$10.50, and China Light 20 cents to HK$16.90, but Hutchison Whampoa picked up 10 cents to HK$6.80.

Hong Kong Electric hardened 55 cents to HK$5.35 on expectations that the results, due later this week, will be accompanied by optimistic forecasts for the company's current property development.

## Johannesburg

Gold shares rallied in line with a firmer international Bullion price, but strong overseas interest towards the close was offset partly by local profit-taking. Buffels rose R4.50 to R35.00, Harmony R2.75 to R22.25 and Klooff R2.00 to R29.00.

Among Minlog Financials, Amgold advanced R4.75 to R86.50 and Anglos 95 cents to R13.25. Diamond leader De Beers moved ahead 35 cents to R10.35.

Platinums firmed, while Coppers and Industrials closed mixed.

## NEW YORK

| Stock | Mar. 18 | Mar. 17 |
|---|---|---|
| Cities Service | 90¾ | 86½ |
| City Investg | 15¼ | 15¼ |
| Clark Equipment | 31 | 30¾ |
| Cleve Cliffs Iron | 28⅝ | 29⅞ |
| Clorox | 8½ | 8⅛ |
| Cluett Peaby | 7⅞ | 7⅞ |
| Coca Cola | 28⅞ | 28¼ |
| Coca Btl. NY | 4⅞ | 4⅞ |
| Colgate Palm | 18½ | 18⅜ |
| Collins Aikman | 6⅜ | 6⅝ |
| Colt Inds | 40¾ | 41¼ |
| Geosource | 61¾ | 61¾ |
| Gerber Prod | 81⅛ | 20⅞ |
| Getty Oil | 78 | 75⅛ |
| Giddings Lewis | 27⅜ | 27 |
| Gillette | 60⅜ | 20⅝ |
| Global Marine | 44½ | 42¼ |
| Goodrich (BF) | 18¼ | 17⅞ |
| Goodyear Tire | 11⅝ | 11¼ |
| Gould | 62½ | 22 |
| Grace | 34 | 63¾ |
| Grainger (WW) | 30¼ | 29 |
| McLean Truckg | 6¼ | 6⅝ |
| Mead | 21¾ | 21½ |
| Media Genl | 28 | 23 |
| Medtronic | 58 | 58¼ |
| Mellon Natl | 22¼ | 22¼ |
| Melville | 26⅛ | 24¾ |
| Memorex | 13¾ | 13¾ |
| Mercantile Strs | 33¼ | 33¼ |
| Merck | 62⅝ | 60⅝ |
| Meredith | 33⅜ | 33¾ |
| Merrill Lynch | 20¾ | 20¼ |
| Saleco | 63⅜ | 32⅝ |
| Safeway Stores | 28½ | 28¼ |
| St. Joe Minls | 43½ | 41 |
| St. Louis-San F | 69½ | 58 |
| St. Paul Cos. | 62⅞ | 62 |
| St. Regis Paper | 28½ | 28⅛ |
| Santa Fe Inds | 60¼ | 60⅝ |
| Santa Fe Intl | 38⅛ | 37⅜ |
| Saul Invest | 5⅞ | 5⅛ |
| Saxon Inds | 6⅜ | 4⅞ |
| Schering Plo | 33¼ | 32⅛ |
| Williams Co | 20¾ | 60⅞ |
| Winn-Dixie Str | 24⅞ | 25 |
| Winnebago | 2¼ | 2⅝ |
| Wisc Elec Power | 60⅛ | 19⅞ |
| Woolworth | 82⅝ | 22 |
| Wrigley | 62 | 62 |
| Wyly | 8 | 7½ |
| Xerox | 55¾ | 54¼ |
| Yellow Frt Sys | 13½ | 14 |
| Zapata | 28½ | 27 |
| Zenith Radio | 6 | 8⅝ |

## CANADA

| Stock | Mar. 18 | Mar. 17 |
|---|---|---|
| Abitibi | 20⅜ | 81⅝ |
| Agnico Eagle | 10⅝ | 11¾ |
| Alcan Alumn | 62 | 59¼ |
| Algoma Steel | 32 | 32¼ |
| Asbestos | 56 | 68⅛ |

## BELGIUM (continued)

| Mar. 12 | Price Frs. | + or — |
|---|---|---|
| Petrofina | 6,370 | +120 |
| Royale Belge | 5,280 | +10 |
| Soc Gen Banq | 2,450 | +50 |
| Soc Gen Belge | 1,610 | —10 |
| Sofina | 3,140 | —6 |
| Solvay | 2,250 | +10 |

## HOLLAND

| Mar. 19 | Price Fls. | + or — |
|---|---|---|
| ACF Holding | 69.6 | +6.9 |
| Ahold | 67.6 | +0.2 |
| AKZO | 22.9 | +0.1 |
| ABN | 260.0 | +1.6 |
| AMEV | 88.6 | |

## AUSTRALIA

| Mar. 18 | Price Aust. $ | + or — |
|---|---|---|
| ANZ Group | 4.27 | +0.07 |
| Acrow Aust | 1.00 | |
| Allstate Expl | 1.06 | +0.16 |
| Ampol Pet | 1.06 | +0.86 |
| Assoc. Pulp Pap. | 9.10 | |
| Audimco | 0.26 | —0.02 |
| Aust Cons Ind | 1.95 | +0.10 |

## JAPAN (continued)

| Mar. 16 | Price Yen | + or — |
|---|---|---|
| Makita | 1000 | +10 |
| Marubeni | 381 | —12 |
| Marudai | 548 | +23 |
| Marui | 615 | —6 |
| Matsushita | 653 | —4 |
| M'ta Elec Works | 510 | |
| M'bishi Bank | 413 | —3 |

**Financial Rand US$0.871 (Discount of 29%)**

Spanish prices Page 24

# Indices

## NEW YORK—DOW JONES

| | Mar. 18 | Mar. 17 | Mar. 14 | Mar. 13 | Mar. 16 | Mar. 11 | 1979-80 High | 1979-80 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ♦Industr'ls | 801.62 | 786.65 | 811.08 | 808.56 | 818.54 | 826.45 | 900.84 (13/2/80) | 788.65 (17/0/80) | 1051.70 (11/73) | 41.22 (2/7/32) |
| H'me B'nds | 64.62 | 64.20 | 64.89 | 64.41 | 64.52 | 64.49 | (88.18) (15/4) | 64.08 (8/8/80) | — | — |
| Transport. | 254.97 | 250.31 | 281.79 | 265.15 | 285.80 | 271.35 | 305.80 (8/2/80) | 205.78 (27/2) | 305.00 (8/2/80) | 12.23 (8/7/32) |
| Utilities | 101.29 | 100.54 | 102.81 | 100.21 | 105.58 | 104.57 | 115.46 (10/2/80) | 96.24 (26/10) | 163.32 (20/4/69) | 10.52 (28/4/42) |
| Trading Vol 000's | 47,340 | 37,028 | 38,180 | 53,078 | 37,880 | 41,360 | — | — | — | — |

♦Day's high 806.66 low 780.97

| | Mar. 14 | Mar. 7 | Feb. 29 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 6.41 | 6.00 | 6.02 | 6.60 |

## STANDARD AND POORS

| | Mar. 18 | Mar. 17 | Mar. 14 | Mar. 13 | Mar. 18 | Mar. 11 | 1972-80 High | 1972-80 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 118.06 | 119.81 | 118.60 | 176.64 | 121.46 | 122.47 | 134.47 (15/2/80) | 107.08 (27/2) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| §Composite | 104.10 | 102.28 | 105.43 | 105.62 | 108.92 | 107.79 | 118.44 (15/2/80) | 96.10 (27/2) | 125.85 (11/1/73) | 4.40 (1/6/32) |

| | Mar. 12 | Mar. 8 | Feb. 27 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 6.37 | 5.14 | 5.07 | 5.11 |
| Ind. P/E Ratio | 7.56 | 7.95 | 8.04 | 8.44 |
| Long Gov. Bond Yield | 12.39 | 12.52 | 12.61 | 6.02 |

## N.Y.S.E. ALL COMMON

| Mar. 18 | Mar. 17 | Mar. 14 | Mar. 13 | 1979-80 High | 1979-80 Low |
|---|---|---|---|---|---|
| 59.09 | 58.22 | 60.07 | 60.20 | 67.77 (13/2/80) | 53.88 (27/3) |

| Rises and Falls | Mar. 18 | Mar. 17 | Mar. 14 |
|---|---|---|---|
| Issues Traded | 1,213 | 1,203 | 1,878 |
| Rises | 723 | 194 | 605 |
| Falls | 788 | 1,428 | 875 |
| Unchanged | 332 | 911 | 398 |
| New Highs | — | 3 | 2 |
| New Lows | 312 | 280 | 173 |

## MONTREAL

| | Mar. 18 | Mar. 17 | Mar. 14 | Mar. 13 | 1979-80 High | 1979-80 Low |
|---|---|---|---|---|---|---|
| Industrial | 584.40 | 356.41 | 371.06 | 378.95 | 423.00 (29/2/80) | 215.19 (2/1) |
| Combined | 351.29 | 328.12 | 337.98 | 345.58 | 378.90 (25/2/80) | 226.80 (2/1) |
| TORONTO Composite | 1584.7 | 1884.8 | 1947.0 | 1956.8 | 21828 (9/2/80) | 1515.6 (2/1) |

| | Mar. 19 | Mar. 18 | Mar. 17 | Mar. 14 | 1979-80 High | 1979-80 Low |
|---|---|---|---|---|---|---|
| AUSTRALIA Sydney All Ord. (1956/59) | 781.45 | 770.62 | 782.62 | 785.65 | 847.47 (16/2/80) | 545.72 (2/1/79) |
| Metals & Minls (1956/59) | 4734.27 | 4542.85 | 4801.27 | 4945.65 | 6880.35 (14/2/80) | 2587.34 (2/1/79) |
| AUSTRIA Credit Aktien (2/1/62) | 88.70 | 88.74 | 88.95 | 89.00 | 88.40 (7/1/80) | 81.56 (2/5/79) |
| BELGIUM Belgian SE (31/12/63) | 86.81 | 92.66 | 93.49 | 86.72 | 108.47 (5/10) | 82.65 (15/5/80) |
| DENMARK Copenhagen SE (1/1/73) | 75.94 | 75.81 | 75.68 | 75.45 | 97.68 (25/7) | 74.79 (5/3/80) |
| FRANCE GAC General (29/12/61) | 105.6 | 103.40 | 104.2 | 104.80 | 115.2 (16/2/80) | 82.4 (18/2/79) |
| Ind Tendance (29/12/79) | 101.1 | 99.10 | 99.4 | 100.40 | 108.7 (13/2/80) | 95.8 (5/1/80) |
| GERMANY FAZ-Aktien (31/12/58) | 218.87 | 216.65 | 222.94 | 225.25 | 265.60 (18/1/79) | 218.11 (21/7/80) |
| Commerzbank (Dec. 1953) | 689.4 | 686.60 | 701.4 | 704.80 | 838.60 (18/1/79) | 685.60 (18/3/80) |
| HOLLAND ANP-CBS General (1970) | 77.4 | 75.2 | 76.6 | 76.80 | 94.2 (24/1/79) | 75.2 (18/3/80) |
| ANP-CBS Indust. (1970) | 60.4 | 59.6 | 60.2 | 61.40 | 85.8 (24/1/79) | 59.6 (18/3/80) |
| HONG KONG Hang Seng Bank (31/7/64) | 738.92 | 747.76 | 786.30 | 757.43 | 965.17 (16/2/80) | 493.83 (2/1/79) |
| ITALY Banca Comm. Ital (1972) | 81.86 | 90.36 | 91.70 | 92.65 | 95.31 (26/2/80) | 68.34 (2/1/79) |
| JAPAN Dow Average (16/5/49) | 6584.76 | 6570.21 | 6562.66 | 6598.40 | 6858.96 (14/2/80) | 5825.97 (10/4) |
| Tokyo New SE (4/1/68) | 401.01 | 452.52 | 451.62 | 453.25 | 472.65 (14/2/80) | 435.16 (15/7) |
| NORWAY Oslo SE (1/1/72) | 122.24 | 118.37 | 122.43 | 125.79 | 144.70 (14/2/80) | 74.45 (15/1/79) |
| SINGAPORE Straits Times (1966) | 452.48 | 453.16 | 458.78 | 467.31 | 504.11 (6/3/80) | 345.54 (25/2/79) |
| SOUTH AFRICA Gold (1958) | (u) | 496.5 | 505.5 | 528.5 | 604.5 (6/3/80) | 225.40 (17/4) |
| Industrial (1958) | (u) | 485.6 | 490.4 | 497.4 | 517.2 (14/2/80) | 270.50 (2/1/79) |
| SPAIN Madrid SE (26/12/79) | (c) | 100.45 | (c) | 101.18 | 105.28 (21/2/80) | 98.31 (15/1/80) |
| SWEDEN Jacobson & P. (1/1/58) | 358.18 | 357.86 | 363.98 | 374.20 | 401.34 (6/2/79) | 351.57 (24/8) |
| SWITZERLAND Swiss Bank Cp. (31/12/58) | 284.3 | 280.9 | 284.6 | 280.30 | 328.10 (2/5) | 280.9 (18/3/80) |
| WORLD Capital Intl. (1/1/70) | — | 125.4 | 124.4 | 127.7 | 148.3 (13/2/80) | 122.2 (1/3/79) |

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

## NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| Mobil | 315,500 | 73¾ | +5 | IBM | 493,300 | 58⅝ | +¾ |
| Gulf Oil | 714,500 | 42⅞ | +3⅞ | Occidental Pet. | 450,200 | 25⅞ | +1⅞ |
| Texaco | 549,300 | 35½ | +2 | Eastman Kodak | 416,300 | 48⅞ | +2⅞ |
| Exxon | 540,800 | 58⅞ | +⅞ | Charter Co. | 404,000 | 26⅞ | —⅝ |
| Boeing | 616,600 | [illegible] | [illegible] | Pittston | 381,200 | [illegible] | [illegible] |

# COMMODITIES AND AGRICULTURE

## Keep EEC imports up Bonn urges

BONN — The West German government is opposed to reductions in EEC imports of sugar from African, Caribbean and Pacific (ACP) countries and butter from New Zealand, West Germany's Agriculture Minister, Josef Ertl, said, yesterday.

Presenting the 1980 agricultural report to Parliament, he said this was no way of solving the EEC's farm policy problems, nor was penalising vegetable fets and proteins.

These third country imports only heightened existing difficulties, Herr Ertl said. The EEC was committed to this trade by international egreements that for many reasons could not be broken.

The EEC regimes for sugar, beef and milk production should be altered to enable Community farm policy finances to stay within the aet limits, Herr Ertl said. This could et the same time leave room for necessary price increases this year.

Herr Ertl said EEC producers should in future bear the cost of processing surplus milk. For other products, primerily beef, West Germany considers thet EEC subsidies ahould be brought more into line with market demand, be said.
Reuter

## Warning of rubber price rise

The spot price of natural rubber (No. 1 RSS) could reech around 95p per kilo over the next 12 months in line with the expected rise in synthetic rubber price, according to the latest edition of Rubber Trends, issued by the Economist Intelligence Unit today.

However, a cautionary note is added that the forecast is based purely on supply and demand considerations and could be thrown off course by political and psychological factors now affecting the rubber market.

The level of stocks, particularly for synthetic rubber, is expected to increase as consumption levels off. But prices are forecast to rise by 25 per cent during the year due to the higher costs of feedstocks, affected by the oil cost increases.

Yesterday on the London spot the price for natural rubber rose from 66.8p to 68p a kilo in line with the general recovery in metal and commodity markets.

## Sugar up on talk of Chinese buying

BY RICHARD MOONEY

WORLD SUGAR prices gained further ground yesterday as talk of Chinese buying continued to encourage speculative interest. In spite of a late bont of profit-taking, the May position on the London futures market ended the day £13 up et £227.125 a tonne. Earlier the May price had reached £233 a tonne.

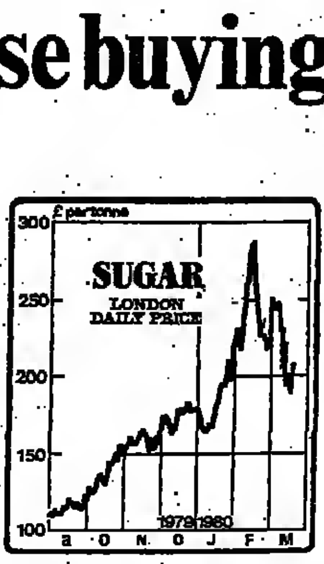
Reports of Chinese purchases were again the main influence on the market, though traders became more vague as to the amounts involved. On Tuesday the talk was of purchases amounting to around 250,000 tonnes but yesterday some dealers were quoting figures as low as 100,000 tonnes.

Other factors affecting market sentiment were news of a steep decline in Indian production and a forecast of a rise in Soviet imports.

In New Delhi the Indian Sugar Mills Association said production was down 15 per cent in the first five months of this season because of drought. Output since October amounted to 2.94m tonnes, it said, against 3.49m in the same period of the 1978-79 season. Mr. R. V. Swaminathan said 14 of the 23 sugar mills in western Uttar Pradesh bad stopped crushing by last week beceuse of acute cane shortages.

In London, meanwhile, the International Sugar Organisation estimated that last year's poor USSR sugar beet crop would push the country's import requirements up to 1.5m tonnes this year from 180,000 in 1979. The ISO predicted net import requirements from the free market will be 19.3m tonnes against 17.8m last year.

At the EEC Commission's weekly tender in Brussels exports of white sugar totalling 41,500 tonnes were authorised at a maximum rebete of 12.9 European currency units. The Commission also authorised exports of 5,000 tonnes of raw sugar with a rebate of 10.99 ECUs. Last week 57,250 tonnes of white sugar were authorised for export but there were no offers for raws.




## Call for milk sales inquiry

By Our Commodities Staff

THE CASE for a Monopolies Commission investigation into UK milk marketing is strengthened by the findings of a report published recently by Ministry of Agriculture, the Consumers' Association said yesterday.

The report, by independent accountants Binder Hamlyn, suggested that it should be possible for milk sold through shops or independent roundsmen to be cheaper than that sold at the doorstep by processor retailers, the Association claimed. "Why should these lower costs not be reflected in consumer prices?" it asked.

The Association said it broadly supported the report which drew attention to a number of anomalies in the system of milk marketing which were in need of urgent change. But it regretted that the authors did not examine the possibility of setting a maximum shop price, rather than a delivered price.

Its main observation on the report, however, was that the need for operating a costing system at all, rather than letting market forces determine prices, was not "subjected to any kind of critical scrutiny."

## USSR buys Argentine grain

BUENOS AIRES—Soviet Union purchases of Argentine grains have now reached around 5m tonnes, double the amount bought from the previous crop. Maize purchases are estimeted at between 2m and 2.2m tonnes, wheat at 2m and 500,000 tonnes each of sorghum and soyabeans.

In January, Argentina, the world's second largest grain exporter, refused to support the U.S. cereal boycott of the Soviet Union, saying it will let market forces determine the final destination of its farm produce.

## Copper strike

THE HEAD of the Polish miners' union, Mr. Jan Les, bas confirmed reports in the dissident Press of industrial unrest in mid-December in one of Poland's copper ore mines.

According to Mr. Les, who was speaking in an interview with the Fiancial Times, the miners were demanding eqoal pay and an equal number of days off with hard coal miners.

## Australian wool strike talks continue

BY PATRICIA NEWBY IN CANBERRA

TALKS AIMED at settling the dispute which is holding up Australian wool exports will continue today in Sydney before Arbitration Commissioner Mr. Justice Williams, who bas been presiding over the compulsory conference of the parties to the dispute since last Friday.

But so far the wool brokers, backed by the woolgrowers and the Federal Government, have refused to meet the union's demands for a compromise pay deal.

Mr. Bob Hawke, President of the Australian Council of Trade Unions (ACTU) said after the conference broke up late last night that there was some hope of reaching agreement. However, he and other participants refused to comment further.

The conference, which bas moved from Melbourne to Canberra to Sydney, following other court commitments of Mr. Justice Williams, bas been looking at a proposal by the Storemen and Packers' Union to phase in higher wages for its members over a period of time and on a tiered basis.

Inflamed by the dismissal notices sent to storemen and packers not on strike in other centres, storemen on strike at the Yallora woolshed in Sydney voted yesterday to stay on strike and not meet again to discuss the matter until May 19.

The date, two months hence, will be irrelevant if the dispute is settled before Mr. Justice Williams in the next few days.

The Federal Government's freeze on wool exports from non-strike bound centres which came into effect on Tuesday, will begin to bite tomorrow night when it is applied to wool in transit—so far exempt from the freeze.

The Federal Government has taken the stand that it is prepared to halt all wool sales, thereby disrupting further Australia's commitment to overseas buyers, especially Japan.

The Government wants to cut the supply of funds going to the strikers from their colleagues still at work in other centres. The storemen and packers' union has retaliated by refusing to bunker ships for refuelling in Australian ports if they have any contact past or present with wool brokers. About 30 shipping lines are affected.

Meanwhile wool prices have been rising in Paris in recent weeks largely as a result of the decline in Australian exports, Reuters said.

France bas sufficient stocks to avoid a serious shortage until mid-May at the earliest and July at the latest if Australian supplies remain blocked.

his supply normally amounts to between 50 per cent and 60 per cent of French imports and the sources doubted whether even half the lost supply could be made up from other sources.

Some sectors of the French textile industry would probably change to synthetic fibres where possible rather than leave machinery idle. But the industry was confident Australian wool supplies would resume as previously when the strike ended.

## Discrimination against Uruguay textiles

URUGUAY'S wool industry has accused industrialised nations of economic bullying in discrimineting egainst wool textile imports.

At the International Wool Secretariat conference in London, Dr. F. G. Piccioli, chairman of the Uruguayan Wool Secretariat said Uruguay had become attractive to international capital in spite of hardship for local industry, and particularly textiles.

It was vital be said for Uruguay to maintain a wool textile industry because it accounted for a quarter of the country's exports.

In 1979, Uruguay sold 3.65m metres of wool fabrics to 22 countries, 11.8 per cent of them to the UK. Manufacturing capacity was 6m metres a year, a potential that had never been fully utilised. Deducting home needs, the most Uruguay could export was 4m metres, but in practice the industry sold less than 3m metres abroad.

Yet, said Dr. Piccioli, EEC countries had recently used safeguard clauses to seek restrictions in Uruguayan wool fabric imports. The UK wanted to limit such imports to 165 tonnes a year, the Benelux group to 115 tonnes. This was outright obstruction to the development of an industry vital to the small Uruguayan economy.

## Metals rally sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

THE recovery in gold brought a general rise in London metal markets. Free market platinum and silver values both rallied sharply. On the London Metal Exchange copper prices advanced strongly in spite of weakening in late dealings. Cash wirebars closed £25.5 up et £1,029 a tonne, after rising to £1,034 at the end of the morning trading session.

However, it was noted this was mainly reaction to the recent decline. Dealers are none too optimistic about the longer-term outlook following President Carter's anti-inflation proposals, and similar measures now announced by the Japanese.

Meanwhile e technical market situation brought a sharp rise in the cash price of lead, up by £35 to £518 a tonne while the three months quotation lost £2,375 to £457.5. This reflects an acute scarcity of supplies immedietely available to the market.

Some dealers failed to cover "short" (sale) positions in anticipation of large shipments of lead coming into LME warehouses, mainly from the U.S. But these bave failed to arrive in time to relieve the present shortage, created by the continuing strike at the Britannia Metals refineries. Now some traders believe the incoming supplies will bypass the warehouses and go straight to consumers in Europe.

FISHING

## Spain negotiates on two fronts

BY TOM BURNS IN MADRID

SPANISH Secretary of State for Foreign Affairs Carlos Robles Piquer interrupted two days of talks in Rabat to negotiate e fishing agreement between Spain and Morocco and returned to Madrid yesterday saying that the bargaining hed been "as tough as we had expected."

While Senor Robles Piquer said thet the talks had not been interrupted and that he expected to return to Morocco early next week, the two sides were understood to be at odds over a Rabat proposal to link the fishing deal to the passage by road through Spain of Moroccan agricultural products, and particularly citrus, on its way to EEC markets.

The citrus-fishing linkage proposal has been a new twist in the traditionally strained negotiations between Spain and Morocco. In the past Rabat has attempted to wrest from Madrid a recognition of its Western Sahara claims in return for fishing rights thet are vital to the Canary Islands and south-west Spanish trawler fleets.

Senor Robles Piquer is expected to brief the Spanish Cabinet over the negotiations et the weekly meeting tomorrow and will inevitably face a storm of protest from the powerful Spanish citrus lobby, which is well represented by Senor Fernando Abril Martorell, overall Minister for Economic Affairs end MP for Valencia, and by Agriculture Minister Jaime Lamo de Espinosa, who is MP for the neighbouring citrus province of Castellon.

Moroccan citrus products bave an edge over Spain's in the EEC by virtue of the Lomé Convention preferential tariffs and the Spaniards are loeth to increase Rabat's advantage by allowing direct pessage by road that would lower transport costs.

The Moroccan agreement, which expires on March 31, is the second important area of negotiations for Spain's flagging fishing industry this month. Last week e Spanish delegation returned from Toronto where it secured a 20,000-tons-of-cod deal with the North Atlantic Fisheries Organisation (NAFO) that raised the quota by 1,000 tons against last year's figure. Chief Spanish negotiator Senor Juan Pret said that while it was "important to have gained an increase in the present circumstances, the deal is still not acceptable to Spain." He said that egreement bad only been reached on the understanding that the quota would be substantially increased in new negotiations in June.

The NAFO deal was denounced as inadequate by the North West Galician trawler fleet which fishes within Canadian waters. Similar protests were voiced by the Cantabrian fishing fleet, off the Basque coast, over an EEC cutback in licences for Spaniards which have begun to be issued in the past 10 days after an agreement in Brussels last month.

The European Community has allocated 168 licences for Spanish trawlers this year against 200 last year. The 1980 figure was, however, an improvement on the 126 licences offered by the community at the beginning of the year.

"Had we not been a candidate for membership we would have been thrown out of EEC waters like the Japanese and the Russians." Senor Raimundo Bassols, Spain's ambassador to the Community was quoted as saying at the time. The Spanish negotiators in Brussels are understood to bave argued that Spain be treated as a special case due to the political repercussions of a cutback in licences in the Basque country.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Gained further ground on the London Metal Exchange. The strong overnight performance on Comex coupled with the initial strength of gold prompted good buying of forward metal during the morning and pushed the price ahead to £1,048 on the morning kerb, although trade selling was reported around this level. During the afternoon the price rose afresh to touch £1,049 but the failure to break the £1,050 level and the uninspiring opening in New York encouraged profit-taking which pared the price to £1,038 on the afternoon kerb. Turnover 23,200 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,036, 34.5, 34, three months £1,042, 45, 46. Cathodes, cash £992, three months £1,019. Kerb: Wirebars, three months £1,048, 47, 46, 45. Afternoon: Wirebars, early June £1,047, three months £1,048, 47, 46, 47, 48, 48, 48.5, 48, 47, 44, 41, 43, 42. Kerb: Wirebars, three months £1,042, 40, 39, 38, 39.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 1035-4 | +52.0 | 1028-30 | +25.5 |
| 3 months | 1045-6 | +54 | 1048-5 | +26.5 |
| Settlem't | 1054 | +52 | — | ...... |
| Cathodes | | | | |
| Cash | 991-2 | +50 | 986-90 | +28.5 |
| 3 months | 1017-8 | +51 | 1012-7 | +28 |
| Settlem't | 992 | +54 | — | ...... |
| U.S. Prod | — | ...... | *94-108 | ...... |

TIN—Firmer. Forward metal opened at £7,780 and gradually moved up to close the late kerb at £7,810, reflecting covering against U.S. physical buying. Cash material came under slight pressure during the morning on continued reports of fresh arrivals of metal but this trend was reversed later on following pricing operations. Turnover 1,495 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7705-60 | +25 | 7770-80 | +55 |
| 3 months | 7790-5 | +55 | 7810-5 | +41.5 |
| Settlem't | 7760 | +25 | — | ...... |
| Standard | | | | |
| Cash | 7755-60 | +25 | 7770-80 | +55 |
| 3 months | 7790-5 | +55 | 7810-0 | +41.5 |
| Settlem't | 7700 | +25 | — | ...... |
| Straits E. | ‡$2270 | —1 | | ...... |
| NewYork | — | ...... | | ...... |

Morning: Standard, cash £7,750, 55, 60, 70, 80, three months £7,800, 7,795, 80, 95. Afternoon: Standard, cash £7,760, three months £7,800, 10, 15, 20; 10, 20, 15. Kerb: Standard, three months £7,910.

LEAD—Easier for forward metal although the continuing squeeze on nearby supplies promoted a sharp widening of the backwardation. Forward metal rose to £468 during the morning and early afternoon but eased on profit-taking encouraged by the downturn in copper to close the late kerb at £458. Turnover 13,275 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 510-5 | +51.5 | 516-20 | +35 |
| 3 months | 467-8 | +11 | 457-8 | —2.37 |
| S'ment | 515 | +55 | — | ...... |
| U.S. Spot | — | ...... | *50 | ...... |

Morning: Cash £510, 15, three months £466, 68, 67, 66, 67, 68, 67. Kerb: Three months £466, 67. Afternoon: Cash £520, 18, 15, three months £468, 69, 68, 67, 66, 64, 63, 62, 60, 57, 55, 53, 55, 57, 58. Kerb: Cash £510, 12, 15, three months £458, 55, 57.

ZINC—Gained ground, influenced by the rises in other metals. Forward metal opened higher at £336 but gradually fell back to close the late kerb at £331. Turnover 3,275 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 528-30 | +6.5 | 325-7 | +6.0 |
| 3 months | 530-4 | +6.0 | 331-2 | +5.25 |
| S'ment | 330 | +7 | — | ...... |
| Primw'ts | — | ...... | *39.0 | ...... |

Morning: Three months £334, 33, 33.5, 34, 32, 33. Kerb: Three months £332. Afternoon: Three months £330, 32, 31. Kerb: Three months £331, 30.

ALUMINIUM—Moved ahead following renewed speculative support and the continuing shortage of nearby supplies which widened the backwardation to around £45 at one point. Forward metal advanced to the day's high of £880 but met selling pressure at this level which pared the price to £864 on the late kerb. Turnover 11,100 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 903-0 | +57.5 | 910-5 | +28 |
| 3 months | 880-1 | +27 | 867-8 | +10 |

Morning: Three months £877, 78, 77, 80, 81, 80. Kerb: Three months £880, 78, 77, 78. Afternoon: Three months £875, 74, 72, 67, 69, 71, 72, 71, 70, 68. Kerb: Three months £867, 64, 65, 64.

NICKEL—Marginally firmer in quiet and routine trading with forward metal £3,165 on the late kerb after touching the day's high of £3,170 during the second ring in the morning. Turnover 330 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 3050-70 | +40 | 3035-55 | +25 |
| 3 months | 0170-5 | +55 | 0155-60 | +20 |

Morning: Three months £3,150, 60, 65, 70. Afternoon: Three months £3,160, 55, 50, 55. Kerb: Three months £3,170.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.









## SILVER

Silver was fixed £1.806 an ounce higher for spot delivery in the London bullion market yesterday at £9.4120. U.S. equivalents of the fixing levels were: spot $20.65, up $4.05; three-month $21.450, up $4.05; six-month $22.147, up $3.892; and 12-month $22.756, up $3.877. The metal opened at £8.85-9.80 ($19½-21½) and closed at £8.85-9.35 ($19½-20½).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 941.20p | +183 | 895p | +100 |
| 3 months | 975.50p | +180 | 852.0p | +108 |
| 6 months | 1005.0p | +175 | — | ...... |
| 12months | 1035.3p | +175 | — | ...... |

LME—Turnover 140 (221) lots of 10,000 ozs. Morning: three months 880, 90, 85, 80, 95, 90, 80, 70, 80, 65, 70. Kerb: three months 970, 50, 55, 50. Afternoon: three months 970, 80, 55, 40, 30. Kerb: three months 930, 35, 30.

## COCOA

Initially a little steadier futures failed to maintain the upward movement and in light trading eased some £5 below Tuesday evening before rallying at the close to equal the highs of the day, reports Gill and Duffus.

| COCOA | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| March | 1395-98 | +11.0 | 1395-90 |
| May | 1426-24 | +4.00 | 1425-18 |
| July | 1437-38 | +4.08 | 1437-28 |
| Sep | 1450-51 | +7.00 | 1452-37 |
| Dec | 1486-90 | +0.00 | 1495-74 |
| March | 1502-10 | —1.58 | — |
| May | 1516-35 | —7.50 | — |

Sales: 1,388 (1,119) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 18, 139.65 (137.70): Indicator price March 19, 15-day average 140.80 (140.39), 22-day average 141.81 (142.28).

## COFFEE

Robustas opened lower to reflect early steadiness in sterling, reports Drexel Burnham Lambert. In the afternoon a higher than expected New York opening prompted a rally and the upward momentum was further strengthened by some short covering until dealer profit taking cut into gains.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 1614-10 | —1.0 | 1617-11 |
| May | 1643-45 | —2.0 | 1650-37 |
| July | 1661-63 | —3.8 | 1675-50 |
| Sept | 1696-97 | +4.5 | 1707-88 |
| Nov | 1696-98 | +7.0 | 1700-88 |
| January | 1695-05 | — | 1685 |
| March | 1605-78 | — | — |

Sales: 2,476 (3,347) lots of 5 tonnes.

ICS Indicator prices for March 18 (cents per pound): Other Mild Arabicas 183.33 (185.00); Robustas ICA 1976 188.50 (189.00); ICA 1968 168.76 (169.25); Unwashed Arabicas 205.00 (same); Comp. daily ICA 1968 189.47 (189.92).

## GRAINS

LONDON GRAIN FUTURES — The market opened up 20p to unchanged. The morning trade saw some short covering in new crops but generally neglected old crops. After lunch good two-way shipper trade took place in the old crops and the market closed 35p to 45p down in the old but 20p up in the new, reports Acli.

| Mnth | WHEAT Yest'rdays close | + or — | BARLEY Yest'rday close | + or — |
|---|---|---|---|---|
| Mar. | 93.60 | —0.30 | 96.15 | —0.40 |
| May | 95.95 | —0.55 | 94.55 | —0.39 |
| Sept | 93.90 | +0.20 | 91.70 | +0.20 |
| Nov | 97.90 | +0.20 | 95.85 | +0.20 |
| Jan | 101.90 | +0.20 | 99.85 | +0.25 |

Business done—Wheat: March 93.60-93.80, May 96.25-95.80, Sept. 93.90-93.80, Nov. 97.95-97.80, Jan. 101.95-101.80. Sales: 195 lots of 100 tonnes. Barley: March 92.40-92.15, May 95.00-94.45, Sept. 91.80-91.60, Nov. 95.85-95.80, Jan. 99.75-99.60. Sales: 225 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2 14 per cent April 96.55, May 96.50, June 96.45, July 96.90, Aug. 96.90, Sept. 98.30 transhipment East Coast; English feed fob April 99.25, East Coast. Maize: U.S./French March 116, April 117 transhipment East Coast; S. African Yellow April 75.50. Barley: English Feed fob March 99.50, April 98, April-June 99.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 93.00, E. Midlands 93.20, N. East 94.00, Scotland 81.10. Other milling wheat: N. East 96.00.

## RUBBER

The London physical market opened steadier, with fair interest throughout the day closing on an easier note, Lewis and Peat reported a Malaysian godown price of 324 (same) cents a kg (buyer, April).

| No. 1 R.S.S. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| Apr. | 68.80-69.00 | 68.00-69.10 | 69.00-68.65 |
| May | 70.10-70.40 | 68.60-69.70 | 71.00-70.58 |
| Apr.-Jne | 70.00-70.80 | 69.50-68.90 | 70.00-69.90 |
| Jly.-Sept | 73.90-73.95 | 72.50-72.60 | 74.55-72.90 |
| Oct.-Dec | 77.20-77.25 | 76.30-76.55 | 78.40-78.50 |
| Jan.-Mar | 79.80-79.85 | 79.20-78.50 | 80.20-79.90 |
| Apr.-Jne | 82.40-85.00 | 82.00-82.05 | 83.50-82.40 |
| Jly.-Sept | 85.25-85.45 | 85.00-85.05 | — |
| Oct.-Dec | 88.40-88.45 | 87.70-87.80 | 89.05-88.40 |

Sales: 567 (841) at 15 tonnes, 73 (13) at 5 tonnes.

Physical closing prices (buyer) were: Spot 68.00p (66.50p); April 71.25p (70.00p); May 72.50p (71.50p).

## SOYABEAN MEAL

The London market opened around unchanged and moved slightly better on fresh commission house buying, reports T. G. Roddick. With sellers being reserved prices continued to firm and the market closed on the highs with gains of up to £1.00.

| | Yest'rd'y Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| April | 111.80-11.5 | +0.80 | 111.50-10.80 |
| June | 111.10-11.5 | +0.80 | 111.00-10.40 |
| August | 113.20-10.5 | +0.95 | 115.00 |
| October | 110.90-11.2 | +0.70 | 111.30-10.20 |
| December | 114.00-14.5 | +0.05 | 114.20-14.00 |
| February | 117.00-17.2 | +0.65 | 117.00 |
| April | 110.00-20.5 | +0.65 | — |

Sales: 39 (104) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £208.00 (£190.00) a tonne cif for March-April-May shipment. White sugar daily price was £224.00 (£206.00).

The market opened sharply higher with gains of £7.00 recorded from overnight levels. Thereafter fluctuations were contained within a £4.00 range until mid-afternoon when new highs were recorded before profit taking blunted the advance and an easier tone developed, reports C. Czarnikow.

| Sugar Pref. Comm. Con. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 225.00-28.00 | 200.00 | — |
| May | 227.00-27.25 | 214.00-14.25 | 233.00-11.25 |
| Aug | 235.50-35.00 | 220.75-24.00 | 243.00-28.00 |
| Oct | 244.75-46.00 | 200.00-31.00 | 252.50-25.00 |

Sales: 3,954 (5,951) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 227.00, 228.00; Aug. 237.00, 238.00; Oct. 246.00, 248.00; Jan. 250.00, 255.00; March 265.95, 266.05; May 265.00, 268.00. Sales 1,344 (906).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £292.50 (£271.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 18. Daily price 17.27 (17.73), 15-day average 20.52 (20.83).

## COTTON

LIVERPOOL—No spot or shipment sales were recorded leaving the total for the week so far at 182 tonnes. Users were deterred from operating by the reversal of the lowering of prices and the current upward movement. Only scattered interest was shown in African and Middle Eastern growths.

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. March 490.0, 492.0, 491.0-485.0, 44; May 490.0, 492.0, 488.0-487.0, 175; July 504.0, 505.0, 516.0-503.0, 469; Oct. 508.0, 510.0, 514.5-503.0, 158; Dec. 504.0, 507.0, 514.5-504.0, 65; March 505.0, 508.0, 519.0-505.0, 43; May 509.0, 510.0, 517.0-506.0, 31; July 510.0, 511.0, 518.0-510.0, 13. Sales: 1,003.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 396, 403, nil, nil; Aug. 408, 414, 410, 1; Oct. 410, 415, 410, 2; Dec. 410, 416, nil, nil; Jan. 408, 410, 410, 3; March 415, 425, nil, nil; May 415, 430, nil, nil; Aug. 415, 430, nil, nil. Sales: 6.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Mar.19 1980 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/810 | ........ | £2019/815 |
| Free Mkt | $1820/1840 | +60 | $2160/22 |
| Copper | | | |
| Cash w'bar | £1,029 | +25.5 | £1,215 |
| 3 mths | £1,046.0 | +26.5 | £1,232.5 |
| Cash Cathode | £988 | +28.5 | £1,167 |
| 3 mths | £1,014.5 | +26 | £1,197 |
| Gold troy oz | $520 | +59 | $667.0 |
| Lead cash | £516 | +58 | £489 |
| 3 mths | £407.5 | —2.075 | £464 |
| Nickel | £3,335 | ........ | £3,195.75 |
| Freemkt(cif)(lb) | 305/310c | ........ | 305/330c |
| Platin'mtr'y oz | £189.0 | ........ | £189 |
| Free mkt | £287.55 | +9.65 | £377.45 |
| Quicksil'ver | $395/400 | ........ | $400-418 |
| Silver troy oz | 941.20p | +180.5 | 1316.85p |
| 3 months | 975.30p | +180.8 | 1530.9p |
| Tin Cash | £7,775 | +55 | £7,405 |
| 3 mths | £7,812.0 | +41.5 | £7,565 |
| Tungsten22.04lb | $141.14 | +8.50 | $150.11 |
| Wolfrm 22.04 lbs | $147/101 | +0.0 | $139/144 |
| Zinc cash | £385 | +5.5 | £371 |
| 3 months | £351.0 | +0.25 | £361.25 |
| Producers | $825 | ........ | $820 |
| **Oils** | | | |
| Coconut (Phil) | $750w | —10 | $687.50 |
| Groundnut | ‡ | ........ | ‡ |
| Linseed Crude | £459 | ........ | £446 |
| Palm Malayan | $630.50v | +2.5 | $665 |
| **Seeds** | | | |
| Copra Philip | $505 | —5 | $550 |
| Soyabean (U.S.) | $276.50z | +1.1 | $286.20 |
| **Grains** | | | |
| Barley Futures | £94.00 | —0.50 | £99 |
| Maize | | | |
| French No3AM | £110 | ........ | £116.25 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | ........ | ‡ |
| No2HardWint. | ‡ | ........ | £94.20 |
| Eng. Milling | ‡ | ........ | ‡ |
| **Other commodities** | | | |
| Cocoa ship't | £1,450 | +4 | £1,400 |
| Future May | £1,423 | +4 | £1,421.0 |
| CoffeeF't'rMay | £1,644 | —2 | £1,032.5 |
| Cotton A.Index | 91.25c | ........ | 93.05c |
| Rubber (kilo) | 68p | +1.0 | 70p |
| Sugar (Raw) | £208 | +18 | £226 |
| Woolt'p's 64s kl | 508p kilo | ........ | 395pkilo |

s June. v May. t March-April. u April. w April/May. x July. z Indicator. § Buyer. † Per 76 lb flask.

GRIMSBY FISH—Supply: good; demand: fair. Prices at ship's side (unprocessed) per stone: Shelf cod, £3.00-£4.20, codlings £2.20-£3.40; Large haddock £3.60-£3.80, medium £3.30-£3.80, small £1.80-£2.60; Large plaice £3.00-3.60, medium £3.00, best small £3.00-£3.60; Skinned dogfish (large) £12.00, (medium) £11.00; Lemon soles (large) £10.00, (medium) £9.00; Rockfish £2.50-£2.80; Reds £2.50-£2.80; Saithe £2.00-£2.20.

HIDES — Leeds: Market weaker. Second clears. Ox 31-35.5 kilos, 51.5p a kilo (54.8p a kilo); 26-30.5 kilos, 49p a kilo withdrawn (50.8p); 22-25.5 kilos, 58.8p a kilo withdrawn (64.5p). Light cows 48 p a kilo withdrawn (52p).

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 65.0 to 69.0, Sire hindquarters 78.0 to 81.0, forequarters 48.0 to 50.0. Lamb: English small 50.0 to 74.0, medium 64.0 to 70.0, heavy 60.0 to 6.0. NZ PL new season 53.0 to 54.0, PM 51.0 to 52.0. Pork: English, under 10 lbs 38.0 to 49.0, 100-120 lbs 37.0 to 47.0, 120-160 lbs 37.0 to 45.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 19. GB cattle 83.14p per kg. l.w. (+1.54). UK sheep 162.3p per kg est. d.c.w. (+0.7). GB pigs 67.3p per kg l.w. (—0.3).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: English Produce: Potatoes—per bag 2.40-2.80. Mushrooms—per pound 0.60-0.70. Apples—per pound Bramley 0.09-0.16, Cox's Orange Pippin 0.12-0.20. Pears—per pound Conference 0.07-0.15, Comice 0.18-0.22. Swedes—per 25-28 lb 0.70-0.80. Turnips—per 28 lb 1.40. Sprouts—per pound 0.08-0.10. Carrots—per bag 0.80-1.40. Cabbages—per bag 0.30, White 1.40. Cucumbers—trays 16/20s 3.50-4.20, prepack 15/20s 4.30-4.50. Tomatoes—per pound 0.60-0.65. Lettuces—per 12, round 0.90-1.00. Parsnips—per 28 lb 1.50-2.00. Rhubarb—per pound forced 0.15-0.18, indoor 0.12-0.13. Onions—per bag 4.00. Beetroots—per bag, round 130, long 1.60.

# AMERICAN MARKETS

NEW YORK, March 18.

AFTER FALLING prices due to a rise in the prime rate, gold rallied on dealer buying. Copper firmed in quiet but erratic trade, reflecting the action in gold. Sugar prices soared on aggressive buying from trade and speculators after recent sharp losses. Cocoa gained on news of Ivory Coast stockpiling efforts. Coffee futures advanced from earlier losses on light producer support. The livestock complex was mixed to higher on technical support. Grains and soyabean complex were mixed in featureless trade. Cotton rallied on good trade price fixing, reported Heinold.

Cocoa—March 133.75 (130.75), May 137.00 (133.00), July 136.30, Sept. ——, March 3127, May —, July —. Sales: 1,455.

Coffee — "C" Contract: March 178.00-179.00 (181.99), May 187.00-188.00 (188.61), July 193.20-193.75, Sept. 197.00-197.50, Dec. 180.00-190.25, March 181.50, May 181.00-181.40, July 180.75-181.90. Sales: 5,460.

Copper—March 95.00-95.40 (91.40), April 95.90 (92.20), May 97.10-97.60, July 100.00-100.50, Sept. 103.30, Dec. 105.50-105.80, Jan. 106.60, March 108.80, May 110.80, July 112.80, Sept. 114.80, Dec. 117.80, Jan. 118.80. Sales: 7,500.

Cotton—No. 2: May 83.62 (81.62), July 82.50-82.63 (80.68), Oct. 77.60-77.80, Dec. 74.25-74.40, March 74.30-74.70, May 75.00-75.90, July 75.40-76.00, Sept. ——. Sales: 15,050.

*Gold—March 483.0 (469.0). April 485.0-490.0 (480.0). May 496.5, June 501.0-505.0, Aug. 518.0, Oct 532.0, Dec. 550.0-552.0, Feb. 568.0, April 584.5, June 600.5, Aug. 918.5, Oct. 632.5, Dec. 648.5. Sales: 35,000.

Orange Juice — March 93.00-93.05 (97.25). May 97.40-97.75 (97.25). July 98.70, Sept. 101.00, Nov. 102.20-102.50, Jan. 104.40-104.65, March 105.20-105.50, May 106.00-106.25. Sales: 1,000.

*Platinum—March 575.0-581.0 (588.0). April 680.1 (720.1), May unquoted, July 711.5, Oct. 753.5, Jan. 788.5, April 829.5, May unquoted. Sales: 2,322.

Potatoes (round whites)—April 45.3-45.7 (46.2). May 52.3 (53.9). Nov. 74.6-74.7. Sales: 463.

¶Silver — March 1650.0-1800.0 (1740.0). April 2762.0 (2862.0). May 2805.0, July 2875.0, Sept. 2947.0, Dec. 3027.0, Jan. 3054.0, March 3108.0, May 3162.0, July 3215.0, Sept. 3270.0, Dec. 3340.0, Jan. 3384.0. Sales: 7,500. Handy and Harman bullion spot 1650.0 (1800.0).

Sugar—No. 11: May 19.50-19.55 (19.01), July 20.50-20.67 (19.57), Sept. 21.40-21.50, Oct. 21.80-22.00, Jan. 22.20, March 23.08, May 23.00, July 23.15. Sales: 17,680.

Tin—803.00-820.00 asked (805.00-815.00).

CHICAGO, March 18.

Lard—Chicago loose 19.75 (19.00). New York prime steam 21.25.

Live Cattle—April 68.10-68.22 (67.57), June 70.15-70.05 (69.25), August 69.70-69.80, Oct. 68.40-68.45, Dec. 69.80, Jan. 69.70, Feb. 70.00.

Live Hogs—April 35.95-35.90 (35.60), June 40.45-40.30 (40.35), July 41.95-41.75, August 41.15-41.20, Oct. 40.70, Dec. 43.70-43.80, Feb. 45.72, April 45.00, June 46.75.

‡‡Maize—March 262-261¼ (262), May 271-270½ (271¼), July 283¼-283½, Sept. 294½, Dec. 302½-302, March 315¾.

Pork Bellies—March 44.10-44.50 (42.75), May 45.60-45.80 (43.85), July 46.80-46.70, August 45.70-46.00, Feb. 59.00-56.20, March 55.50, May 56.50, July —, August —.

Silver—March 1830.0 (1730.0). April 1850.0-1870.0 (1750.5), June 2735.0, August 2795.0, Oct. 2855.0, Dec. 2910.0, Feb. 2970.0, April 3035.0, June 3090.0, August 3150.0, Oct. 3210.0, Dec. 3270.0, Feb. 3320.0, April 3390.0, June 3450.0, August 3510.0.

†Soyabeans—March 615 (613¼), May 634-633 (633), July 658-657, August 669½-669, Sept. 676½, Nov. 692½-693, Jan. 711-710, March 730-730½.

‖Soyabean Meal—March 167.60 (167.00), May 173.90-174.10 (173.50), July 181.00-180.80, August 184.10, Sept. 187.50, Oct. 190.30-190.50, Dec. 194.30, Jan. 196.00, March 201.50-202.00, May 204.20-204.80.

Soyabean Oil—March 22.10 (22.12), May 22.42-22.43 (22.43), July 23.03-23.01, August 23.33, Sept. 23.56-23.90, Oct. 23.85, Dec. 24.25, Jan. 24.40-24.45, March 24.60-24.65, May 25.02-25.05.

†Wheat—March 416-416½ (419¼), May 427½-428 (427¾), July 435-434½, Sept. 449-448½, Dec. 466½, March 480.

WINNIPEG, March 19. §Barley—March 113.10 (111.50), May 115.70 (114.70), July 119.50, Oct. 115.20, Dec. 115.10.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 218.90 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, March 19.

Wheat—U.S. No. 2 Red Winter March $193, June $187, July $187, Aug. $189. U.S. No. 2 Northern Spring, 14 per cent, March $195, April $195, May $192, June $194, July $194, Aug. $195, Sept. $199, Oct. $203, Nov. $205, Dec. $211.

Maize—U.S. No. 3 Corn Yellow afloat $133.50-$133.75 traded, afloat $131.75, March $132.50, April $134, May $135, June $138, July-Sept. $142.50, Oct.-Dec. $147, Jan.-March $154.50 sellers.

Soyabeans—U.S. Two Yellow Gulfports afloat $262.25-262.50 traded, March $260.25, April $262.50, May $264 sellers, June $269, July $272, Aug. $277, Sept. $280.25, Oct. $282.25, Nov. $282.25, Dec. $289, Jan. $292.75 quoted.

Soyameal—44 per cent protein U.S. afloat $224, March $224, April $225, May $224, April-Sept. $229, Nov.-March $243.50. Brazil Pellets afloat $239, March $232, April $230, May $229, June-July $236, April-Sept. $234.50, Nov.-March $256.

PARIS, March 19.

Cocoa (FFr per 100 kilos)—March 1300, May 1338-1345, July 1350, Sept. 1360-1380, Dec. 1370-1390, March 1380-1400. Sales at call 2.

Sugar (FFr per 100 kilos)—May 2100-2105, July 2120-2160, Aug. 2202-2203, Oct. 2270-2280, Nov. 2270, Dec. 2390-2395, March 2430, May 2490. Sales at call 93.

## INDICES

### FINANCIAL TIMES

| Mar. 18 | Mar. 17 | M'nth ago | Year ago |
|---|---|---|---|
| 292.48 | 292.20 | 304.05 | 275.19 |

(Base: July 1, 1952=100)

### MOODY'S

| Mar. 18 | Mar. 17 | M'nth ago | Year ago |
|---|---|---|---|
| 1166.7 | 1180.7 | 1435.0 | 1064.8 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Mar. 18 | Mar. 17 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 418.05 | 409.25 | 442.98 | 381.04 |
| F'tur's | 435.59 | 428.97 | 450.12 | 365.46 |

(Average 1924-25-26=100)

### REUTERS

| Mar. 19 | Mar. 18 | M'nth ago | Year ago |
|---|---|---|---|
| 1740.2 | 1720.5 | 1760.4 | 1564.2 |

(Base: September 18, 1931=100)

# Strong rally in Gold mining shares, but equity markets remain uncertain and leaders surrender early gains

**Account Dealing Dates**
**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Mar. 10 | Mar. 20 | Mar. 21 | Mar. 31 |
| Mar. 24 | Apr. 10 | Apr. 11 | Apr. 21 |
| Apr. 14 | Apr. 24 | Apr. 25 | May 6 |

* "New time" dealings may take place from 8 a.m. two business days earlier.

Encouraged by Wall Street's overnight recovery, London stock markets began quite firmly yesterday. Trade in the equity sectors was extremely slow and it was left to South African Gold shares to provide most market features. A further and much stronger recovery in the bullion price generated the renewed enthusiasm for Golds which, helped by late U.S. interest, closed with substantial gains. The Gold mines index jumped 28.8—one of its biggest-ever rises — to 294.3.

Fears of repercussions from the sharp losses incurred recently in Oil and Exploration issues appeared to subside and both sectors initially took a distinct turn for the better. For much of the day Oils gave the impression that the rally was flimsily based but in the after-hours' trade went ahead on the back of a firm New York opening.

Budget uncertainties and the continuing pressure on world interest rates remained a drag on general incentive and the early firmness in leading industrials gradually evaporated on lack of follow-through support. This was well illustrated by the FT 30-share index which surrendered a 10 am gain of 4 points by noon and slipped further to record a loss of 1.9 by 2 pm before closing 0.3 higher on balance at 432.0. As with Oils, the late trend was helped by Wall Street's opening spurt. The preliminary figures from Tubes, up 8 at 280p, were roughly in line with market estimates.

Rising international interest rates failed to deter small investment in Gilt-edged securities. The emphasis switched to medium- and longer-dated stocks from the Variables which, awaiting today's Green Paper, consolidated Tuesday's sharp gains. Owing to stock shortage, the improvements were often disproportionate to business traded and extended to as much at ⅝. Shorter-dated issues lost ground around mid-morning, but on the back of the longs rallied to close fractionally higher on balance.

Activity in Traded options was reduced to negligible levels with only 292 contracts completed — the lowest total recorded this year.

Insurances were inclined harder in places. Willis Faber found support ahead of the preliminary results, due on April 2, and closed 6 better at 248p. London and Manchester rose 4 to 158p in response to favourable annual figures, while Trade Indemity hardened 2 to 137p on further consideration of the full-year results. General Accident added 4 to 232p and Commercial Union 2 to 134p.

Awaiting today's preliminary figures, which bring the clearing banks' dividend season to a close, Barclays traded quietly around the overnight level of 412p. Midland hardened 3 to 318p. Discounts took a modest turn for the better with Union, following the AGM, retrieving 3, at 365p, of the previous day's fall of 13.

Breweries were a penny or so harder where altered and Bass closed 2 up at 214p. Distillers attracted support at 199p, for a rise of 3, but Tomatin remained unsettled by Tuesday's disappointing results and fell 3 more to 182p.

Leading Buildings were unable to hold a firm start and closed with little change on balance. Timber shares, the subject of considerable bid speculation lately, quietened considerably. Montague L. Meyer, after easing to 105p settled just a penny cheaper on balance at 108p, but Magnet and Southerns improved 3 to 168p and Mallinson-Denny hardened a penny to 59½p. The trend elsewhere was usually to lower levels with Brown and Jackson reacting 5 further to 150p and Wilson (Connolly) shedding 8 to 178p, the latter in a thin market. Tilbury Contracting gave up 5 for a two-day fall of 10 to a 1979-80 low of 170p.

Marked up to 366p at the outset, ICI drifted back to 362p as support failed to materialise before rallying to close unchanged on balance at 364p.

## Jas. Walker lower

Profit-taking in the wake of the satisfactory interim results prompted losses of 7 in James Walker ordinary, 95p, and the N/V, 88p. Elsewhere in Stores, Lee Cooper declined 7 to 288p but Bambers found support and ended that much better at 93p. House of Lerose gained 3 to 58p on better-than-expected preliminary profits. In Shoes, Strong and Fisher slipped 3 more to 65p following comment on the disappointing half-yearly figures.

Leading Electricals finished a shade firmer on balance. Racal found support and added 4 to 211p, while Thorn firmed a few pence to 312p. Secondary issues, weak of late, staged an attempted recovery which was not maintained and most ended around the overnight levels. Unitech, however, rose 8 to 268p, while speculative demand revived for Muirhead, 7 better at 191p. Press comment failed to inspire Henry Wigfall, 2 easier at 243p. Pressac gave up 3 to 40p awaiting today's half-timer.

A lengthy list of trading statements provided interest in the Engineering sector. Standing a couple of pence harder in front of the results, Tube Investments improved further on the preliminary profits which came in line with market expectations to close 8 better at the day's best of 280p. Weir Group, on the other hand, closed 14 down at a year's low of 40p on news of the shock omission of the final dividend and sharp contraction in annual earnings. Disappointing profits and a dividend cut also depressed Vosper which fell 13 to 150p but Banro Consolidated rose 5 to 58p in response to the good results and accompanying bullish statement on prospects. Jones and Shipman moved up 3 late to 152p following the better-than-expected annual figures and proposed 100 per cent scrip issue, while Hall, 132p, and Melins, 110p, rose 4 and 2 respectively after trading news. Stone Platt softened a penny to 42p after adverse comment.

Business in Foods were evenly balanced and produced few notable price improvements. Bejam gained 4 to 81p in response to good half-yearly results, while revived speculative interest lifted Robertson 4 to 120p. Lockwoods, however, shed 5 to 61p on small selling.

Leading Hotels and Caterers displayed a slightly firmer appearance with Grand Metropolitan a penny harder at 124p and Trusthouse Forte a couple of pence to the good at 166p.

Secondary issues in the miscellaneous industrial sector regained some composure after the previous day's setback. Thomas Tilling pleased the market with a sharply higher dividend and increased profits and closed 9 higher at 133p, while Howard Tenens, recently dull after an abortive bid approach, rose 5 to 75p on hopes that another suitor may soon appear. Marshalls Universal, up 4 at 90p, attracted speculative support, while Press comment prompted improvements of 5 and 15 respectively in Royal Worcester, 225p, and Broken Hill Proprietary, 620p. Metal Closures rose 4 to 112p in response to the better-than-expected results. Dalgety at 258p, retrieved 4 of the recent fall that stemmed from adverse comment. Johnson Matthey put on 7 to 262p, while Sothebys picked up 5 to 430p. The transport minister's declaration that the Government will not submit public money into a "chunnel" project brought about an immediate reaction in the highly volatile Channel Tunnel; a shade easier at 195p ahead of the statement, the shares fell away to close 30 down on the day at 170p. Staffordshire Potteries came on offer at 74p, down 4, while Portals dipped 6 to 256p. Apart from a fall of 6 to 182p in Reckitt and Colman ahead of Tuesday's results, price movements in the leaders were of a penny or so either way.

The Leisure sector was featured by Horizon Travel which put on 11 to 268p following the good preliminary results and restructuring proposals. Elsewhere, Norton and Wright were sold and cheapened 3 to 82p, but Black and Edgington met support at 48p, up 2½.

News items sparked off revived interest in the recently idle Motor sector. Among Distributors, T. Cowie added 3½ at 43½p following news that the company is to hive off 50 per cent of its finance division to Forward Trust. Manor National firmed a penny to 25½p after the higher annual profits and dividend, but Tate of Leeds shed a couple of pence to 82p awaiting today's full-year results. Support was lacking for Caffyns, 164p, and Arlington, 100p, both 4 easier, while Western Motor lost 7 in a thin market to 98p. In Components, Armstrong Equipment rose 3½ to 50½p encouraged by better-than-expected interim profits and an accompanying reassuring statement. Automotive Products continued to benefit from Tuesday's announcement of a new automatic transmission system and rose 2 more to 65p.

Paper/Printings were featured by DRG which advanced 7 to 101p in response to annual profits in excess of market expectations. Watmoughs, at 128p, regained only 2 of the previous day's fall of 17 which stemmed from the proposed cash call, but further consideration of their respective preliminary results clipped 2 from Inveresk, 34p, and Richard Clay, 84p.

A slightly firmer trend emerged late in leading Properties and Land Securities closed 3 higher at 288p.

The activity in U.S. oils on Wall Street prompted a recovery in Oils here. Soon after the opening demand petered out and prices began to react but renewed interest after-hours' left quotations at the top of the day. BP and Shell both settled with gains of 8 at 356p and 362p respectively, while secondary issues featured Tricentrol, which put on 18 to 282p in anticipation of today's preliminary results. Premier, a particularly active counter of late, gained 9 to 61p as speculative support increased.

## Heavy gains in Golds

The Gold Mines index registered one of its biggest-ever gains yesterday as the sharp recovery in the bullion price encouraged heavy buying of South African Golds. The index, which had fallen over 100 points since March 6, recovered 28.8 to 294.3, while the bullion price advanced $39 to $520, the latter following reports that South Africa has restricted the amount of gold sold recently.

Revived overnight American buying led jobbers to mark up share prices at the outset. Strong local and overseas buying was reported during the morning but this tended to dry up around midday. In the afternoon, a fresh wave of buying from U.S. sources led to further heavy gains and left quotations at the day's highest.

The buying embraced most stocks and the heavyweights featured Vaal Reefs, £2½ better at £23, while Hartebeest rose £1⅞ to £22¾ and Randfontein, £2½ up at £29. Medium-priced issues showed Harmony 124 firmer at 888p and Blyvoor 102 higher at 586p, while gains of 74 were common to Kinross, 518p, Doornfontein, 530p, and Welkom 575p.

The strong recovery in Golds produced sizeable gains among Financials. In South Africans, "Amgold" advanced £3 to £35, GFSA £1½ to £33 and Union Corporation 30 to 580p; shareholders in the last-named have voted overwhelmingly to accept the terms of the bid from General Mining; the latter put on 30 to close at 750p.

London Financials also registered good rises led by Gold Fields, 19 up at 473p and Rio Tinto-Zinc, 24 firmer at 364p. Platinums and Coppers staged a broad advance following the upward movements in the respective metal prices. In Platinums, Rustenburg recouped 27 to 215p, while Coppers were featured by Messina, 8 to the good at 172p, and Minorco, 12 up at 272p.

The Australian market regained part of its poise, aided by the recovery in overnight domestic markets and higher metal prices. Precious metal producers showed rises of around 12, these being common to MIM Holdings, 217p, and Bougainville, 170p. Among the more speculative counters which have taken a pounding in recent days, Otter jumped 18 to 78p and Samantha a like amount to 78p. Leichardt also found support and closed a further 25 better at 290p.

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 325 | 22 | 20 | — | — | — | — | 551p |
| BP | 330 | 12 | — | 42 | 2 | 52 | — | " |
| BP | 350 | — | 2 | — | — | — | — | " |
| BP | 360 | 7 | — | 22 | — | 44 | 1 | " |
| BP | 390 | — | — | 17 | 5 | 29 | — | " |
| BP | 400 | 4 | 5 | — | — | — | — | " |
| Cons. Gold | 420 | 60 | 3 | 86 | — | — | — | 473p |
| Cons. Gold | 460 | 32 | 10 | 65 | — | 78 | — | " |
| Cons. Gold | 500 | 14 | 2 | 55 | 1 | 52 | 2 | " |
| Cons. Gold | 250 | 2 | — | 20 | 5 | 28 | 2 | " |
| Courtaulds | 60 | 11½ | 32 | 15½ | — | 16 | — | 70p |
| GEC | 390 | 7 | — | 25 | 14 | 41 | — | 365p |
| Grand Met. | 130 | 5 | — | 10½ | 4 | 15½ | — | 125p |
| Grand Met. | 140 | 2 | — | 7 | — | 10½ | 1 | " |
| ICI | 420 | 2½ | — | 11 | 5 | 21 | 10 | 363p |
| Land Secs. | 300 | 2 | 1 | 15 | — | 50 | 1 | 288p |
| Land Secs. | 330 | 1½ | 21 | 7 | — | — | — | " |
| Marks & Sp. | 90 | 4 | — | 7½ | — | 12½ | 1 | 86p |
| Shell | 350 | 32 | 3 | 44 | — | — | — | 369p |
| Shell | 360 | 13 | 17 | 22 | — | 52 | — | " |
| Shell | 390 | 5 | 2 | 14 | — | 23 | — | " |
| Shell | 420 | 2 | — | 8 | 4 | 14 | 1 | " |
| Totals | | | 120 | | 32 | | 25 | |
| | | **May** | | **August** | | **November** | | |
| Imperial Gp. | 80 | 3 | — | 5½ | 3 | 2 | — | 74p |
| Racal Elec. | 180 | 30 | 15 | 37 | — | — | — | 208p |
| Racal Elec. | 200 | 15 | 19 | 25 | — | 34 | — | " |
| Racal Elec. | 220 | 5½ | 15 | 17 | — | 26 | — | " |
| Racal Elec. | 240 | 1½ | 25 | 10 | — | — | — | " |
| RTZ | 330 | 57 | — | 65 | 22 | 77 | — | 342p |
| RTZ | 360 | 35 | — | 48 | 1 | 63 | — | " |
| RTZ | 390 | 17 | — | 32 | 2 | 45 | — | " |
| RTZ | 420 | 2 | 7 | 33 | — | 30 | — | " |
| Total | | | 61 | | 26 | | — | |

## FINANCIAL TIMES STOCK INDICES

| | Mar. 19 | Mar. 18 | Mar. 17 | Mar. 14 | Mar. 13 | Mar. 12 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 64.40 | 64.16 | 64.15 | 64.22 | 64.18 | [illegible] | [illegible] |
| Fixed Interest | 64.78 | 64.75 | 64.75 | 64.80 | 64.82 | [illegible] | [illegible] |
| Industrial | 432.0 | 431.7 | 433.2 | 439.9 | 447.0 | [illegible] | [illegible] |
| Gold Mines | 294.3 | 265.5 | 271.3 | 285.9 | [illegible] | [illegible] | [illegible] |
| Ord. Div. Yield | 7.90 | 7.93 | 7.92 | 7.79 | 7.66 | [illegible] | [illegible] |
| Earnings, Yld. % (full) | 20.34 | 20.43 | 20.39 | 20.07 | 19.82 | [illegible] | [illegible] |
| P/E Ratio (net) (*) | 5.97 | 5.94 | 5.96 | 6.05 | [illegible] | [illegible] | [illegible] |
| Total bargains | 19,742 | 22,361 | 18,722 | 17,420 | 18,460 | 19,041 | — |
| Equity turnover £m | — | 111.29 | 79.35 | 95.00 | [illegible] | 110.[illegible] | 120.0[illegible] |
| Equity bargains total | — | 17,900 | 13,321 | 12,846 | 14,008 | 13,[illegible] | [illegible] |

10 am 435.7. 11 am 433.1. Noon 431.3. 1 pm [illegible]. 2 pm 429.8. 3 pm 429.9.

Latest Index 01-246 8026.

* Nil=5.74.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/2/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1979/80 High | 1979/80 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 75.91 (4/5) | 63.30 (10/12) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 77.76 (5/5) | 64.06 (15/11) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 558.6 (4/5) | 406.3 (15/11) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 377.9 (28/2/80) | 122.9 (17/4) | 442.3 (22/5/67) | 43.5 (28/10/71) |

## S.E. ACTIVITY

| | Mar. 19 | Mar. 18 |
|---|---|---|
| **—Daily** | | |
| Gilt Edged | 188.[illegible] | 196.2 |
| Industrials | 158.1 | 157.8 |
| Speculative | 47.2 | 65.9 |
| Totals | 96.3 | 95.2 |
| **5-d'y Av'r'ge** | | |
| Gilt Edged | 120.5 | 119.2 |
| Industrials | 120.9 | 114.[illegible] |
| Speculative | 52.6 | 62.1 |
| Totals | 84.4 | 81.[illegible] |

## NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

### NEW HIGHS (4)

BUILDINGS (2)
Nottingham Brick — Vibroplant
STORES (1)
Hennoes A
INDUSTRIALS (1)
Scotcros

### NEW LOWS (53)

AMERICANS (4)
Citicorp — Eaton Corp.
Colt Inds. — Richardson-Merrell
BANKS (2)
Commerzbank — Deutsche Bank
BUILDINGS (3)
Higgs & Hill — Westbrick Products
Tilbury Contracting
CHEMICALS (2)
Bayer AG — Revertex
STORES (2)
Amber Day — Ellis & Goldstein
ELECTRICALS (3)
Chloride — Pressac
Petbow
ENGINEERING (5)
Manganese Bronze — Weir Group
Ratcliffe Inds. — Woodhouse & Rixson
Thyssen
FOODS (1)
Lockwoods
INDUSTRIALS (15)
Airfix Inds. — Maddock
Anglo-Am. Asphalt — Norcros
Baird (Wm.) — Petrocon
Catrl. & Sheerwood — Rean (L.)
Change Wares — Simpson (S.) A
Erskine House — Staffs. Potts.
Harris (Ph.) — Swire Pacific
Hawtin — Turner & Newall
I.C. Inds. — Unilever
Jentique
INSURANCE (1)
Ennia UK 9pc Cnv.
LEISURE (1)
Norton & Wright
NEWSPAPERS (1)
Websters
PAPER (1)
Culter Guard Bridge
PROPERTY (1)
Raglan
SHOES (2)
Footwear Inds. — Strong & Fisher
TEXTILES (4)
Cawdaw — Dixon (David)
Coats Paton — Pirkles (W.) A NV
TRUSTS (1)
Estate Duties

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 66 | 1 | 23 |
| Corpns., Dom. and Foreign Bonds | 5 | — | 61 |
| Industrials | 259 | 278 | 865 |
| Financial and Prop. | 130 | 106 | 264 |
| Oils | 36 | 2 | 7 |
| Plantations | 2 | 4 | 16 |
| Mines | 111 | 8 | 35 |
| Others | 56 | 34 | 37 |
| Totals | 671 | 429 | 1,308 |

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS<br>Figures in parentheses show number of stocks per section | Wed., Mar. 19, 1980 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Tues., Mar. 18 Index No. | Mon., Mar. 17 Index No. | Fri., Mar. 14 Index No. | Thurs., Mar. 13 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 231.48 | +0.1 | 18.92 | 6.78 | 6.65 | 231.32 | 233.94 | 237.55 | 240.42 | 259.22 |
| 2 | Building Materials (28) | 224.93 | — | 17.64 | 6.96 | 7.24 | 224.89 | 228.39 | 231.37 | 234.27 | 240.11 |
| 3 | Contracting, Construction (28) | 356.26 | −0.2 | 26.77 | 6.83 | 4.55 | 357.04 | 362.44 | 365.35 | 367.22 | 390.92 |
| 4 | Electricals (15) | 598.58 | −0.3 | 13.49 | 4.17 | 9.88 | 600.13 | 604.01 | 611.60 | 620.77 | 618.66 |
| 5 | Engineering Contractors (11) | 269.73 | +0.6 | 27.46 | 9.49 | 4.64 | 268.22 | 274.46 | 277.11 | 279.23 | 398.78 |
| 6 | Mechanical Engineering (74) | 157.22 | — | 21.83 | 8.30 | 5.68 | 157.20 | 159.46 | 162.58 | 163.91 | 196.37 |
| 8 | Metals and Metal Forming (16) | 159.87 | +1.3 | 21.51 | 9.69 | 5.54 | 157.85 | 158.63 | 162.75 | 165.76 | 172.76 |
| | CONSUMER GOODS | | | | | | | | | | |
| 11 | (DURABLE) (50) | 211.13 | +0.9 | 16.85 | 5.90 | 7.30 | 209.29 | 210.39 | 214.17 | 216.29 | 235.00 |
| 12 | Lt. Electronics, Radio, TV (15) | 299.96 | +1.0 | 12.82 | 4.43 | 10.00 | 297.00 | 298.24 | 303.53 | 306.51 | 314.49 |
| 13 | Household Goods (14) | 104.47 | +0.9 | 28.45 | 10.50 | 4.16 | 103.55 | 105.46 | 106.51 | 106.98 | 170.52 |
| 14 | Motors and Distributors (21) | 104.98 | +0.6 | 25.39 | 8.91 | 4.62 | 104.38 | 104.94 | 107.08 | 108.29 | 124.24 |
| | CONSUMER GOODS | | | | | | | | | | |
| 21 | (NON-DURABLE) (173) | 211.57 | +0.2 | 19.11 | 7.27 | 6.45 | 211.14 | 212.92 | 216.06 | 218.21 | 240.86 |
| 22 | Breweries (14) | 255.27 | +0.3 | 17.32 | 6.88 | 6.78 | 254.42 | 256.83 | 260.76 | 261.18 | 252.61 |
| 23 | Wines and Spirits (5) | 291.93 | +1.3 | 18.59 | 6.35 | 6.64 | 288.12 | 288.66 | 293.87 | 297.27 | 341.25 |
| 24 | Entertainment, Catering (17) | 288.43 | +0.8 | 19.30 | 7.28 | 6.48 | 286.22 | 287.71 | 294.15 | 298.66 | 321.58 |
| 25 | Food Manufacturing (19) | 187.43 | +0.1 | 21.71 | 8.10 | 5.69 | 187.29 | 189.61 | 193.17 | 194.93 | 222.65 |
| 26 | Food Retailing (15) | 293.23 | +0.3 | 14.16 | 5.12 | 8.44 | 292.36 | 294.17 | 298.40 | 300.85 | 284.39 |
| 32 | Newspapers, Publishing (13) | 405.65 | −0.1 | 24.88 | 7.47 | 5.49 | 406.20 | 410.92 | 413.39 | 420.77 | 426.42 |
| 33 | Packaging and Paper (15) | 125.40 | +0.2 | 23.75 | 9.05 | 5.42 | 125.11 | 125.27 | 126.88 | 128.05 | 143.80 |
| 34 | Stores (43) | 213.02 | — | 14.44 | 5.39 | 8.96 | 212.97 | 215.13 | 218.11 | 221.25 | 233.96 |
| 35 | Textiles (24) | 124.18 | −1.0 | 28.59 | 12.40 | 4.41 | 125.50 | 126.35 | 127.23 | 128.40 | 183.23 |
| 36 | Tobaccos (3) | 196.77 | +0.2 | 29.59 | 11.96 | 3.83 | 196.28 | 197.86 | 198.86 | 199.83 | 272.50 |
| 37 | Toys and Games (5) | 32.15 | −1.3 | 46.77 | 15.78 | 2.63 | 32.58 | 32.73 | 33.61 | 34.15 | 92.91 |
| 41 | OTHER GROUPS (97) | 196.77 | +0.4 | 17.72 | 7.40 | 6.77 | 196.84 | 197.62 | 199.98 | 202.94 | 219.13 |
| 42 | Chemicals (17) | 290.32 | — | 21.38 | 8.26 | 5.36 | 290.29 | 290.76 | 291.84 | 296.36 | 307.74 |
| 43 | Pharmaceutical Products (7) | 202.55 | — | 12.65 | 6.46 | 9.59 | 202.60 | 201.83 | 205.84 | 210.74 | 273.19 |
| 44 | Office Equipment (6) | 110.24 | −1.2 | 19.28 | 7.41 | 5.98 | 111.63 | 112.97 | 114.58 | 114.55 | 144.15 |
| 45 | Shipping (10) | 452.94 | +0.6 | 11.69 | 7.13 | 10.92 | 450.11 | 457.40 | 460.73 | 466.99 | 427.79 |
| 46 | Miscellaneous (57) | 230.81 | +1.2 | 17.49 | 7.07 | 7.22 | 228.13 | 232.19 | 236.06 | 239.07 | 242.67 |
| 49 | INDUSTRIAL GROUP (492) | 219.76 | +0.3 | 18.56 | 7.08 | 6.63 | 219.19 | 221.13 | 224.33 | 226.95 | 247.34 |
| 51 | Oils (8) | 745.45 | +2.4 | 29.41 | 6.82 | 3.62 | 727.95 | 730.42 | 749.40 | 776.54 | 618.88 |
| 59 | 500 SHARE INDEX | 261.26 | +0.7 | 20.89 | 7.02 | 5.63 | 259.41 | 261.41 | 265.83 | 270.32 | 277.81 |
| 61 | FINANCIAL GROUP (118) | 187.89 | +0.4 | — | 6.15 | — | 187.12 | 188.68 | 191.82 | 192.97 | 197.01 |
| 62 | Banks (6) | 205.30 | +0.1 | 45.01 | 7.13 | 2.75 | 205.07 | 206.17 | 210.20 | 211.63 | 231.09 |
| 63 | Discount Houses (10) | 207.32 | +0.4 | — | 9.63 | — | 206.50 | 211.69 | 213.23 | 212.19 | 240.49 |
| 64 | Hire Purchase (5) | 181.97 | +0.2 | 18.05 | 5.46 | 7.19 | 181.63 | 182.03 | 186.48 | 185.20 | 175.50 |
| 65 | Insurance (Life) (10) | 167.26 | +0.4 | — | 6.36 | — | 166.67 | 168.59 | 171.21 | 171.64 | 153.39 |
| 66 | Insurance (Composite) (9) | 122.92 | +1.0 | — | 8.00 | — | 121.68 | 122.94 | 124.62 | 125.15 | 143.15 |
| 67 | Insurance Brokers (10) | 282.66 | +0.4 | 17.53 | 6.93 | 8.11 | 281.47 | 283.10 | 284.68 | 283.67 | 341.75 |
| 68 | Merchant Banks (14) | 99.36 | — | — | 6.20 | — | 99.36 | 101.17 | 101.68 | 102.19 | 92.05 |
| 69 | Property (45) | 356.34 | +0.3 | 3.66 | 3.10 | 39.31 | 355.21 | 358.08 | 365.61 | 370.35 | 331.60 |
| 70 | Miscellaneous (9) | 126.40 | +0.6 | 16.44 | 7.24 | 7.99 | 125.70 | 126.26 | 128.31 | 128.61 | 121.17 |
| 71 | Investment Trusts (109) | 205.63 | +0.2 | — | 6.33 | — | 205.11 | 210.12 | 212.80 | 215.09 | 229.64 |
| 81 | Mining Finance (4) | 187.80 | +5.3 | 12.27 | 4.71 | 9.89 | 178.41 | 179.95 | 188.49 | 192.05 | 129.93 |
| 91 | Overseas Traders (19) | 385.70 | +0.6 | 13.11 | 6.98 | 9.35 | 383.50 | 388.84 | 396.16 | 395.67 | 367.83 |
| 99 | ALL-SHARE INDEX (750) | 243.69 | +0.8 | — | 6.77 | — | 241.85 | 244.01 | 248.28 | 251.83 | 255.99 |

### FIXED INTEREST PRICE INDICES

| | British Government | Wed., Mar. 19 | Day's change % | xd adj. today | xd adj. 1980 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 100.69 | +0.04 | — | 2.30 |
| 2 | 5-15 years | 103.33 | +0.48 | 0.33 | 2.54 |
| 3 | Over 15 years | 107.83 | +0.50 | — | 2.11 |
| 4 | Irredeemables | 118.99 | +0.46 | — | 1.78 |
| 5 | All stocks | 103.70 | +0.32 | 0.08 | 2.24 |

### FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

| | | | Wed., Mar. 19 | Tues., Mar. 18 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 13.12 | 13.15 | 8.91 |
| 2 | | 15 years | 12.95 | 13.01 | 10.51 |
| 3 | | 25 years | 12.95 | 13.01 | 11.36 |
| 4 | Medium Coupons | 5 years | 14.99 | 15.02 | 11.24 |
| 5 | | 15 years | 14.53 | 14.61 | 11.94 |
| 6 | | 25 years | 14.33 | 14.40 | 12.11 |
| 7 | High Coupons | 5 years | 15.09 | 15.14 | 11.66 |
| 8 | | 15 years | 14.85 | 14.93 | 12.40 |
| 9 | | 25 years | 14.71 | 14.78 | 12.54 |
| 10 | Irredeemables | | 12.46 | 12.51 | 11.14 |

| | | Wed., March 19 Index No. | Wed., March 19 Yield % | Tues. March 18 | Mon. March 17 | Fri. March 14 | Thurs. March 13 | Wed. March 12 | Tues. March 11 | Mon. March 10 | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 49.51 | 14.89 | 49.31 | 42.88 | 49.62 | 49.58 | 50.08 | 50.05 | 50.05 | 56.43 |
| 16 | Investment Trust Prefs. (15) | 47.91 | 15.63 | 47.91 | 47.21 | 47.91 | 47.70 | 47.70 | 47.70 | 47.51 | 50.16 |
| 17 | Coml. and Indl. Prefs. (20) | 61.38 | 14.59 | 61.34 | 61.54 | 61.51 | 61.43 | 61.35 | 61.25 | 61.14 | 71.16 |

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979-80 high | 1979-80 low |
|---|---|---|---|---|---|---|
| Shell Transport... | 25p | 13 | 362 | + 8 | 410 | 276 |
| BP | 25p | 9 | 356 | + 8 | 414 | 220½ |
| Premier Cons. | 5p | 9 | 61 | + 9 | 87 | 15½ |
| RTZ | 25p | 9 | 364 | +24 | 492 | 226 |
| Burmah Oil | £1 | 8 | 196 | + 6 | 249 | 82 |
| Tricentrol | 25p | 8 | 282 | +18 | 336 | 148 |
| BTR | 25p | 7 | 325 | + 5 | 347 | 219 |
| Carless Capel | 10p | 7 | 83 | + 4 | 108 | 28 |
| Cons. Gold Fields | 25p | 7 | 473 | +29 | 617 | 178 |
| ICI | £1 | 7 | 364 | — | 415 | 314 |
| Midland Bank | £1 | 7 | 318 | + 2 | 455 | 314 |
| Pilkington | £1 | 7 | 210 | — | 398 | 196 |
| Turner & Newall | £1 | 7 | 103 | − 1 | 176 | 103 |
| BAT Inds. | 25p | 6 | 231 | — | 362 | 225 |
| GEC | 25p | 6 | 364 | − 1 | 456 | 311 |

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Mar. 17 | Mar. 28 | Jun. 26 | Jul. 7 |
| Mar. 31 | Apr. 11 | Jul. 10 | Jul. 21 |
| Apr. 21 | May 2 | Aug. 7 | Aug. 18 |

*For rate indications see end of Share Information Service*

Calls were done in Dunlop, Shell, Premier Oil, Marshall Cavendish, BSG, Lonrho, John Brown, Burmah, Charterhall, Coral Leisure, BP, CRA, Oil Search and Endeavor Oil. No puts were reported, but doubles were arranged in Cons. Gold, Shell, UDT and Barratt Developments.

## LEADERS AND LAGGARDS

The following table shows the percentage changes † which have taken place since December 31, 1979, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

| | | | |
|---|---|---|---|
| Electronics, Radio and TV | + 15.96 | Mechanical Engineering | + 4.95 |
| Overseas Traders | + 15.38 | Other Groups | + 4.73 |
| Contracting and Construction | + 13.47 | Entertainment and Catering | + 4.67 |
| Property | + 12.15 | Chemicals | + 4.53 |
| Stores | + 11.40 | Oils | + 4.53 |
| Merchant Banks | + 10.71 | Pharmaceutical Products | + 4.42 |
| Mining Finance | + 10.16 | Consumer Goods (Non-Durable) Group | + 3.83 |
| Building Materials | + 9.95 | Financial Group | + 2.61 |
| Consumer Goods (Durable) Group | + 9.93 | Motors and Distributors | + 0.73 |
| Hire Purchase | + 9.86 | Breweries | + 0.82 |
| Electricals | + 9.15 | Insurance (Composite) | + 0.00 |
| Metal and Metal Forming | + 8.94 | Textiles | − 0.06 |
| Packaging and Paper | + 8.56 | Food Retailing | − 0.58 |
| Capital Goods Group | + 8.39 | Gold Mines FT | − 1.15 |
| Office Equipment | + 7.57 | Tobaccos | − 1.35 |
| Insurance (Life) | + 6.58 | Food Manufacturing | − 1.52 |
| Investment Trusts | + 6.56 | Wines and Spirits | − 1.71 |
| Shipping | + 6.13 | Discount Houses | − 5.84 |
| Newspapers and Publishing | + 5.73 | Engineering Contractors | − 6.78 |
| Industrial Group | + 5.53 | Banks | − 6.93 |
| 500 Share Index | + 5.32 | Household Goods | − 11.06 |
| All-Share Index | + 5.25 | Toys and Games | − 31.54 |
| Insurance Brokers | + 5.20 | | |

† Percentage changes based on Tuesday, March 18, indices.

## RECENT ISSUES

### EQUITIES

| Issue Price p‡ | Amount Paid Up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price p | + or − | Div. Amount | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### "RIGHTS" OFFERS

| Issue Price p‡ | Amount Paid Up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. | US$9.56 | 9.77 | ... | —
Prices on Mar. 10. Next dealing March 17.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. | US$9.65 | 10.27 | ... | 2.50

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (C.I.). 0534 73494
TSB Gilt Fund | 90.0 | 93.0 | ... | 12.90
TSBGiltFd.(Jsy.) | 90.0 | 93.0 | ... | 12.90
Prices on March 19. Next sub. day March 26.

Lloyds Bk. (C.I.) U/T Mgrs.

Tokyo Pacific Holdings N.V.

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Amer. Gth. Tst. | 47.8 | 49.7 | +0.4 | 2.01 |
| Abbey Capital | 35.0 | 37.8 | +0.3 | 5.84 |
| Abbey General | 45.5 | 48.7 | +0.5 | 6.07 |
| Abbey Gilt & F.I. Tst. | 98.7 | 105.0 | +0.2 | 4.76 |
| Abbey Income | 40.5 | 43.7 | +0.1 | 8.82 |
| Abbey Intl. Bd. Tst. | 93.7 | 98.1 | -0.5 | 5.61 |
| Abbey Inv. Tst. Fnd. | 36.1 | 39.0 | -0.1 | 6.08 |
| Equitas Prog. Trust | 67.2 | 72.6 | +0.7 | 6.47 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref | 89.4 | 94.2xd | — | 13.39 |

**Allied Hambro Group (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

| | | | | |
|---|---|---|---|---|
| **Balanced Funds** | | | | |
| Allied 1st | 72.4 | 77.5xd | +0.6 | 6.19 |
| Brit. Inds. Fund | 66.8 | 71.5 | +0.3 | 6.29 |
| Growth & Income | 39.9 | 42.7 | +0.3 | 5.90 |
| Elect. & Ind. Dev. | 36.9 | 39.5 | +0.3 | 5.32 |
| Allied Capital | 74.2 | 79.4 | +0.6 | 5.54 |
| Hambro Fund | 113.1 | 121.0 | +0.5 | 6.61 |
| Hambro Acc. Fund | 138.2 | 147.9 | +0.9 | 5.68 |
| **Income Funds** | | | | |
| High Yield Fd. | 66.3 | 70.9xd | -0.2 | 10.44 |
| High Income | 66.4 | 71.0xd | +0.1 | 8.31 |
| A. H. Eq. Inc. | 39.7 | 42.5 | — | 0.21 |
| **International Funds** | | | | |
| International | 26.5 | 28.4 | — | 3.81 |
| Pacific Fund | 41.7 | 44.6 | -0.3 | 2.77 |
| Secs. Of America | 55.7 | 59.6 | +0.2 | 2.35 |
| **Specialist Funds** | | | | |
| Smaller Co.'s Fd. | 47.4 | 50.7 | -0.1 | 4.64 |
| 2nd Smlr. Co's Fd. | 55.6 | 59.5xd | -0.2 | 4.79 |
| Recovery Sits. | 110.1 | 117.8 | — | 6.58 |
| Met. Min. & C'dty. | 55.9 | 59.8 | +0.8 | 4.95 |

**Discretionary Unit Fund Managers**
22 Blomfield St., EC2M 7AL. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Mar. 7 | 214.1 | 228.4 | — | 5.31 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 17.4 | 19.3 | — | 7.18 |
| Gt. Winchester O'seas | 20.3 | 22.6 | — | 5.43 |

**Emson & Dudley Tst. Mngmnt. Ltd.**
28b Albemarle St., W1. 01-493 3211

| | | | | |
|---|---|---|---|---|
| Emson Dudley Tst. | 77.4 | 83.2 | — | 6.00 |

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 70.6 | 74.3 | +0.6 | 5.56 |

**Fidelity International Management Ltd.**
62-63, Queen St., London, EC4R 1AD. 01-248 4091

| | | | | |
|---|---|---|---|---|
| American | 23.7 | 25.0 | +0.1 | 1.00 |
| Fixed Interest | 25.2 | 26.6 | — | 12.10 |
| Growth + Income | 28.6 | 30.2 | — | 7.80 |
| Special Sits. | 27.1 | 28.6 | +0.2 | 3.00 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 27.0 | 29.0 | -2.5 | 2.49 |
| Accum. Units | 32.7 | 35.2 | -3.0 | 2.49 |
| J. Finlay High Income | 33.8 | 36.3 | -0.7 | 9.74 |
| J. Finlay Euro. Fin. | 21.4 | 23.0 | -0.4 | 3.75 |
| Accum. Units | 26.4 | 28.4 | -0.5 | 3.75 |
| J. Finlay Fd. In. Tst. | 32.4 | 34.8 | +0.4 | 5.39 |
| Accum. Units | 39.1 | 42.0 | +0.5 | 5.39 |

Prices on March 19. Next dealing March 26.

**Framlington Unit Mgt. Ltd. (a)**
64, London Wall, EC2M 5NQ. 01-628 5181

| | | | | |
|---|---|---|---|---|
| American | 50.0 | 53.0 | — | 1.36 |
| American Turnaround | 50.2 | 53.6 | — | 2.00 |
| Capital Tst. | 50.6 | 53.8xd | -0.2 | 5.04 |
| (Accum. Units) | 51.6 | 54.8 | — | 5.04 |
| Extra Income Trust | 47.0 | 50.0 | +0.2 | 10.52 |
| Income Tst. | 36.2 | 38.4 | — | 8.66 |
| Int. Growth Fd. | 41.4 | 44.0 | — | 2.29 |
| (Accum. Units) | 43.8 | 46.4 | -0.2 | 2.29 |

**Friends' Provdt. Unit Tr. Mgrs.♥**
Pixham End, Dorking. 0306 5055

| | | | | |
|---|---|---|---|---|
| Friends Prov. Units | 47.0 | 50.2 | — | 5.07 |
| Do. Accum. | 64.8 | 69.2 | — | 5.07 |

**Funds in Court***
Public Trustee, Kingsway, WC2. 01-405 4300

| | | | | |
|---|---|---|---|---|
| Capital Mar. 13 | 114.5 | 117.6 | — | 5.30 |
| Gross Inc. Mar. 13 | 73.7 | 76.1 | — | 11.56 |

[illegible]

## INSURANCE PROPERTY BONDS

[illegible]

## OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

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Over Fifteen Years

Undated

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## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## FINANCE, LAND—Continued

[illegible]

## OIL & GAS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

### FINANCE

[illegible]

## DIAMOND AND PLATINUM

[illegible]



## MINES—Continued

### CENTRAL AFRICAN

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 430 | 97 | Coronation | 300 | +10 | †054c | 2.2 | 10.7 |
| 680 | 132 | Falcon Rh.50c | 670 | +30 | †Q100c | 1.7 | 11.5 |
| 48 | 11 | Rhod'n Corp. 16½p. | 39xd | — | 0.56 | 8.5 | 2.0 |
| 267 | 70 | Roan Cons. K4 | 160 | — | †Q0.12 | ϕ | 4.8 |
| 67 | 26 | Wankie Col. Rh.1 | 58 | +1 | Q9c | 1.5 | 10.7 |
| 57 | 9 | Zam.Cpr.SBD0.24 | 31 | +2 | — | — | — |

### AUSTRALIAN

[illegible]

### TINS

[illegible]

### COPPER

[illegible]

### MISCELLANEOUS

[illegible]

## NOTES

[illegible]

## REGIONAL MARKETS

[illegible]

## OPTIONS

### 3-month Call Rates

| | | | | | |
|---|---|---|---|---|---|
| Grand Met | 12 | Tesco | 7 | Mines | |
| G.U.S. 'A' | 30 | Thorn | 25 | Charter Cons. | 18 |
| Guardian | 23 | Trust Houses | 14 | Cons. Gold | 52 |
| G.K.N. | 22 | Tube Invest. | 27 | Lonrho | 12 |
| Hawker Sidd | 16 | Unilever | 40 | Rio T. Zinc | 35 |
| House of Fraser | 12 | U.D.T. | 4 | | |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Thursday March 20 1980



# Carter, Reagan sweep Illinois

By David Buchan in Chicago

PRESIDENT JIMMY CARTER and Mr. Ronald Reagan now seem almost certain to face each other in the U.S. November Election. Both won handsomely in Illinois' Presidential primary elections on Tuesday.

Their chief opponents, Senator Edward Kennedy and Mr. John Anderson, respectively, did worse than expected in this big industrial state.

The two parties' nominations will not be formally bestowed by national conventions until July and August. But the lengthening primary successes by Mr. Carter and Mr. Reagan have steadily — and perhaps after Illinois conclusively — stacked the political arithmetic in their favour.

Mr. Carter scored the more crushing victory, beating Senator Kennedy by a 65-30 per cent margin in the preference poll (90 per cent of votes counted). He achieved the surprise feat of carrying Chicago and all its ethnic voting blocs, despite Mayor Jane Byrne's strident support for the Massachusetts senator.

In the contest for delegates to the summer convention, Senator Kennedy did even worse, with incomplete returns showing 16 for him and 154 for the President.

Mr. Anderson, earlier expected to give Mr. Reagan a close run in his home state, failed to stop the front-runner's advance. Mr. Reagan won 48 per cent, Mr. Anderson 37 per cent and Mr. George Bush came a lame third with 11 per cent (94 per cent of votes counted).

Mr. Anderson, the late-starting moderate in the nomination race, won many votes from the Democrats and independents—Illinois' rules permit voters to vote in either party's primary.

Early indications in Illinois' complex delegation selection process show 42 for Mr. Reagan, 24 for Mr. Anderson, four for Representative Philip Crane, who got nowhere in the preference poll, and two for Mr. Bush.

President Carter needs 1,666 convention votes to win the nomination, while 998 is the magic figure for Mr. Reagan. These figures are just one over half all delegates to the forthcoming conventions. With Illinois, President Carter has 448 delegates, and Senator Kennedy, 181. Mr. Robert Strauss, the President's campaign manager, said yesterday that, if delegates chosen by caucus in some states are included, the lead is more like 3 to 1.

Chicago's political machine stutters, Page 4
Feature, Page 23

# Hunterston B litigation likely

BY ROY HODSON

THE TROUBLED story of the Hunterston B nuclear power station on the Clyde, which has failed to achieve forecast electricity output, is likely to be examined in the courts in an action between British Aluminium and the North of Scotland Hydro-electric Board.

British Aluminium said yesterday in a note accompanying its 1979 results that it has set aside £19.4m (of which £10m relates to 1979) to provide for disputed charges for the supply of electricity to the Invergordon aluminium smelter. The company does not accept liability for any of these charges.

Power for the smelter comes from the Hunterston B power station which has encountered serious difficulties. Based on the British AGR (*Advanced Gas-cooled Reactor*), it has not achieved its planned load factor because of problems in the design.

Output was also cut after seawater entered the cooling system, putting one of the two reactors out of service from October 1977 to this year.

Finally, the cost of producing power at Hunterston has risen sharply because of nuclear fuel cost increases.

The dispute between the company and the Board mainly concerns the escalation clauses contained in the 1968 contract over the supply of electricity. While the contract provides for escalation of fuel and operating costs, the company argues that it is not liable for extra costs arising from technical problems with the AGR design and from the operating error which led to the seawater leak.

The Invergordon smelter supplies more than 100,000 tonnes a year of aluminium. It was one of three British smelters backed by the Labour Government in the late 1960s to substitute home aluminium production for imports.

The North of Scotland Hydro-electric Board is expected to start legal proceedings over the disputed electricity costs. The board said last night: "We have not taken such action yet and it is too early to say anything further at this stage."

British Aluminium's long-term contract for electricity involved paying part of the capital cost of the Hunterston power station with the backing of a Government loan; it also pays a share of the mining costs.

But the company claims it should not have to pay for the defects in performance that have arisen since the station has been producing electricity.

The station itself is the responsibility of the South of Scotland Electricity Board, which transfers the power to the North of Scotland Hydro Electric Board.

The Anglesey Aluminium consortium (one-third Rio Tinto Zinc and two-thirds Kaiser Aluminium, of Oakland, California) is looking closely at its own contract for the supply of electricity to its aluminium smelter at Holyhead, North Wales.

In a deal which is similar to the British Aluminium contract in outline but differs in detail the Anglesey consortium is getting power from the Central Electricity Generating Board based on the notional cost of electricity produced by the Dungeness B AGR station.

Dungeness B is 12 years late in construction and is unlikely to produce power before the end of this year. The consortium deal is based on buying a block of power from Dungeness.

The consortium believes it is unlikely to be embarrassed by problems arising from the station's performance or extraordinary costs due to fuel price *increases* or repairs.

Disputed contract for nuclear electricity, Page 8
British Aluminium results, Page 24

# Mexico to produce more oil

BY WILLIAM CHISLETT IN MEXICO CITY AND RAY DAFTER IN LONDON

MEXICO is to raise its oil production ceiling by 450,000 barrels a day later this year, a move which will help relieve pressure in the international market.

Increased output will be used to meet rising domestic demand, but within the industry it is thought sufficient will be available to boost exports above the target of 1.1m barrels a day.

Mexico had intended to produce no more than 2.25m barrels a day this year, but the Government clearly feels confident that new production wells will enable output to grow to 2.7m b/d.

Extra output will help dampen the West's demand for oil from members of the Organisation of Petroleum Exporting Countries. As it is, economic stagnation within developed countries and a mild winter in the northern hemisphere have reduced demand for OPEC oil.

Mexico has underlined its emerging strength as an international oil power not only through its rising production figures but also through the upward adjustment of its reserve estimates.

Sr. Jorge Diaz Serrano, head of the country's state oil corporation, Pemex, said proven reserves of oil had risen from 45bn to 50bn barrels—the sixth largest in the world and sufficient to satisfy Mexico's present needs for 64 years.

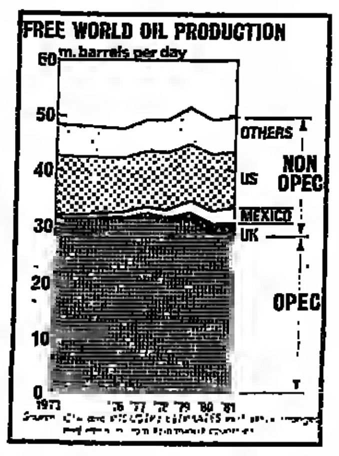
The announcement was made at celebrations to mark the 42nd anniversary of the nationalisation of Mexican oil. The increase in reserves has arisen largely as a result of new information obtained from the Bay of Campeche, where wells are now yielding an estimated 500,000 b/d.

Total Mexican production is currently 2m b/d, of which some 800,000 b/d are exported. Pemex has already committed itself to supplying about 1.1m b/d of exports. The expected recipients of this oil will be: U.S. (about 730,000 b/d), Spain (160,000 b/d), Israel (45,000 b/d), France (100,000 b/d), Japan (100,000 b/d) and Brazil (20,000 b/d).

Pemex is not saying where any additional exports will be sent, but Canada and Japan are the favourites. Significantly, the Mexican President, Sr. Jose Lopez Portillo, will visit Canada in May and may receive the Japanese Prime Minister later.

Mexico's aim is to export some 60 per cent of its externally-traded oil to the U.S., with the remainder being divided equally between Western Europe and Japan.

Sr. Portillo did not state how Mexico's production would move in the coming years although there has been speculation in Mexico City that the production level could rise as high as 4m b/d.




# Japan increases power prices

BY RICHARD C. HANSON IN TOKYO

THE Japanese Government yesterday approved big price increases for electricity and gas but took steps to insure these did not work against its latest anti-inflation measures.

On Tuesday the Government initiated increases in Lending Rates by raising the official discount rate 1.75 percentage points to 9 per cent.

Yesterday, it approved a 50.8 per cent average increase in electricity rates and a 45.3 per cent rise for gas to take effect on April 1.

To soften the inflationary blow, the Cabinet said it would strengthen its monitoring of speculative stockpiling and price increases, release commodity stockpiles and order price cuts in public services whenever possible.

The jump in electricity rates is the largest since 1974. However, it was below the original Electric Power Company request for an average 64.4 per cent rise. Electricity for industry will be about 54 per cent dearer, with domestic electricity costing 43.3 per cent more.

The electric and gas rate increase will add 1.7 per cent to the annual rate of consumer price inflation directly, with indirect ripples adding another 0.5 per cent. Consumer prices were already running at an annual rate of 7.6 per cent in February.

The Government said it would use its influence to keep companies from raising the price of goods solely because of higher electricity costs. There are also plans to lower the tax on electricity, but the Government did not say when or by how much.

To stabilise the price of fresh foods, the responsible Ministries will tighten surveillance on the foodstuff markets and if supply conditions allow, the Government said it would increase the import of beef.

Beef is a very expensive item in Japan because of protectionist import quotas set by the Ministry of Agriculture.

Land prices will also come under sharper scrutiny and the Government will further its efforts to promote energy saving.

The Government is anxious at least to put up a strong show of fighting inflation, partly because negotiations with the unions on this year's wage increases are starting in earnest. So far the unions have made fairly moderate demands, but as the consumer price index begins to climb pressure for higher wages could build.

Japanese prices have been rising sharply at the wholesale level since last year as a result of higher oil prices. The wholesale Price Index is rising at an annual rate of 20 per cent, and is not expected to peak until the April-June quarter.

Editorial Comment, Page 22

# CBI seeks picketing curbs

By John Elliott, Industrial Editor

CBI LEADERS decided yesterday to step up their pressure for legislation making all forms of secondary industrial action unlawful.

Sir John Methven, CBI director general, is to have urgent talks this morning with Mr. James Prior, Employment Secretary, and will say that, ideally, the present Employment Bill should be amended immediately to cover this point.

Alternatively, a consultative document should be published immediately together with a firm pledge that a second Bill will be introduced soon.

The CBI also decided to ask the Government to insert a clause in the Bill requiring companies to provide facilities for secret ballots where requested by trade union members in accordance with union rules.

The idea was proposed by Lord Robens, chairman of Johnson Matthey, and former chairman of the National Coal Board.

His idea is to make it easier for employees to take part in union ballots involving issues such as the election of local union officials and shop stewards.

The new demand for curbs on secondary action is likely to generate fresh controversy over the Government's labour law plans. It reflects growing frustration among employers during the steel strike over the limitations of complex labour laws.

It also amounts to a rejection of the Government's present plans which would permit secondary action against companies closely associated with an employer in dispute.

Members of the CBI council said yesterday that the legal definitions proposed by the Government were so complicated that they might deter companies from starting civil proceedings.

# Post Office seeks staff flexibility

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE may make part of its basic annual pay offer to postmen conditional on union agreement over labour flexibility.

This is one of a number of options being studied by the corporation following the rejection by the industry's biggest union of a national staffing and productivity package which was regarded as crucial to improving postal efficiency.

Earlier this week a special conference of the Union of Post Office Workers threw out proposals to use casual labour in the summer as well as measures to improve labour flexibility for sorting and supervisory work and new work rotas.

Post Office management is still licking its wounds and has not yet decided how to proceed further. There is considerable pressure, though, to try to retrieve some of the rejected proposals by tying them directly into this year's wage negotiations. These are due for settlement next month.

Management is also looking at the introduction of casual labour this summer to prevent severe mail backlogs in spite of no union approval.

The Post Office can technically introduce casual labour during summer without falling foul of any union agreement. Successful use of casual labour depends, however, on shop-floor willingness from union members to co-operate.

A third option—to reformulate the staffing and productivity package—is also under examination, but there is apparently little inclination to do that. This is because the original package was wrecked by the delegate conference in such a way that it would probably be fruitless for the Post Office to pursue this further.

Management is waiting to hear the contents of the Monopolies Commission report on the London service. It might then use what are expected to be some considerable criticisms of the corporation in the report as part of an internal campaign to persuade the postmen to accept staffing alterations.

Some managers feel, however, that they might not be able to make up lost ground on productivity before the Department of Industry decides its attitude to the national postal monopoly, which it is now reviewing.

The union is holding a further staffing and productivity conference for clerical workers later this month. There is considerable optimism that staffing changes will be agreed at that conference.

*Editorial Comment, Page 22*

# No public funds for Channel tunnel

BY LYNTON McLAIN

PUBLIC FUNDS will not be used to help build either a tunnel or a bridge across the Channel.

Instead, the Government expects private risk capital to meet the cost of a commercially viable link, Mr. Norman Fowler, Transport Minister, told MPs in the Commons yesterday.

British Rail, now working on final proposals for a £860m single-track tunnel with French Rail, responded swiftly to the Government statement.

It said that by the summer—when the plan goes to the Government—it is confident it will be able to secure private finance.

The BR board and French Rail have talked to the European Investment Bank and to British financial institutions and banks. BR said the talks had been "encouraging".

BR said last night that after Mr. Fowler's clear policy statement it now recognised it would have to be confident of raising private finance for its proposal to have any chances of being accepted by the Government.

Coopers and Lybrand and SETEC Economie of Paris, management consultants, wrote a report for the European Commission saying all current proposals for fixed Channel links may be viable. But they regarded their conclusions as "provisional and unreliable until further work has been carried out."

The BR/French Rail proposals for a single-track, rail-only tunnel could yield a 14.3 per cent rate of return, after taking account of inflation, on average each year over a 50-year period, according to a report now with the European Commission in Brussels.

Mr. Fowler told MPs that he had examined the preliminary proposals by BR and French Rail. But he said that more needed to be done before the "full implications of the scheme can be judged."

He also said that "variations—on the proposals—might offer different advantages," a reference to the range of other, private-sector schemes being drawn up and to the possibility that the BR/SNCF proposal for a single tunnel may come to be seen as the first stage of a long-term plan to build twin tunnels.

Parliament, Page 10

## Weather

UK TODAY

MOSTLY cloudy with outbreaks of light rain, sleet or snow.

**London, S.E., Central, Southern England, Wales**
Cloudy, light rain, sleet or snow. Max. 3C (37F).

**E., N.E. England, Borders, Edinburgh, Aberdeen Highlands**
Bright spells, scattered wintry showers or sleet. Max. 4C (39F).

**N.W. England, Lakes, S.W. Scotland**
Sunny intervals, wintry showers. Max. 4C (39F).

**N.E., N.W., Scotland, Orkney, Shetlands**
Becoming cloudy, sleet or snow later. Max. 4C (39F).

Outlook: Continuing cold and changeable.

WORLDWIDE

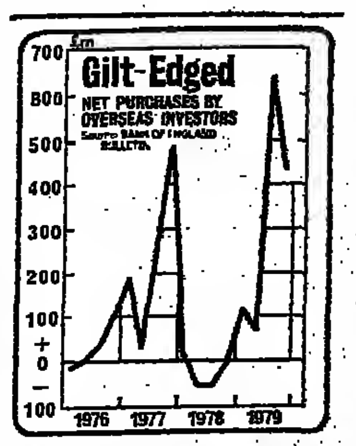
| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | R | 13 | 55 | Lisbon | C | 13 | 55 |
| Algiers | F | 19 | 66 | Locarno | C | 11 | 52 |
| Amsdm. | F | 2 | 36 | London | Sn | 3 | 37 |
| Athens | F | 13 | 55 | Luxmbg. | C | 7 | 45 |
| Bahrain | C | 23 | 73 | Luxor | S | 25 | 78 |
| Barclna. | F | 16 | 61 | Madrid | C | 8 | 46 |
| Belfast | C | 3 | 37 | Majorca | F | 16 | 61 |
| Belgrd. | S | 14 | 57 | Malaga | C | 15 | 59 |
| Berlin | F | 1 | 34 | Malta | F | 15 | 59 |
| Biarritz | C | 8 | 46 | M'chstr | Sn | 2 | 35 |
| Bmghm. | C | 1 | 34 | Melbne. | C | 21 | 70 |
| Blackpl. | F | 4 | 39 | Milan | F | 12 | 54 |
| Bordx. | C | 11 | 52 | Mntreal. | S | 1 | 34 |
| Boulgn. | C | 2 | 36 | Moscow | C | −4 | 25 |
| Bristol | C | 2 | 36 | Munich | F | 10 | 50 |
| Brussels | F | 2 | 36 | Nairobi | S | 25 | 76 |
| Budpst. | F | 10 | 50 | Naples | C | 15 | 59 |
| B. Aires | S | 35 | 94 | Nwcstl. | Sn | 1 | 34 |
| Cairo | S | 21 | 69 | N. York | S | 10 | 49 |
| Cardiff | Sn | 2 | 36 | Nice | C | 12 | 54 |
| Cas'b'ca | C | 17 | 63 | Nicosia | C | 15 | 59 |
| Cape T. | S | 23 | 73 | Oporto | R | 9 | 48 |
| Chicago | C | 10 | 50 | Oslo | Sn | −4 | 25 |
| Cologne | C | 4 | 39 | Paris | F | 12 | 54 |
| Cpnhgn. | C | −2 | 28 | Perth | S | 27 | 81 |
| Corfu | S | 15 | 59 | Rykjvk. | C | 4 | 39 |
| Dublin | C | 3 | 37 | Rhodes | C | 13 | 55 |
| Dbrvnk. | S | 14 | 57 | Rio J'o | S | 30 | 86 |
| Ednbgh. | Sn | 0 | 32 | Rome | F | 15 | 59 |
| Faro | F | 16 | 61 | Salzbrg. | F | 12 | 54 |
| Florence | F | 15 | 59 | Singapr. | C | 29 | 84 |
| Frankft. | F | 4 | 39 | Stckhm. | F | −3 | 27 |
| Funchal | C | 17 | 63 | Strasbg. | F | 10 | 50 |
| Geneva | C | 11 | 52 | Sydney | S | 37 | 99 |
| Gibrltr. | R | 14 | 57 | Tangier | C | 14 | 57 |
| Glasgow | Sn | 2 | 36 | Tehran | S | 8 | 43 |
| G'rnsey | C | 6 | 43 | Tel Aviv | C | 15 | 59 |
| Helsinki | F | −5 | 23 | Tenerife | C | 15 | 81 |
| H. Kong | C | 19 | 66 | Tokyo | C | 4 | 39 |
| Innsbrk. | F | 13 | 55 | Toronto | S | 4 | 38 |
| Invrnss. | Sn | 2 | 36 | Tunis | C | 16 | 61 |
| I.o.Man | F | 3 | 37 | Valencia | C | 15 | 59 |
| Istanbul | F | 7 | 45 | Vienna | C | 9 | 48 |
| Jersey | C | 7 | 45 | Warsaw | F | −2 | 28 |
| Jo'burg | S | 22 | 71 | Zurich | F | 11 | 52 |
| L. Plms. | F | 19 | 66 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

# The light at the end for Tubes

Index rose 0.3 to 432.0




The market has been well prepared for the results from Tube Investments, but familiarity does not make a pre-tax profits fall of 35 per cent to £52.2m any better. It is left to the group to point to the specific damage caused by last year's disputes—maybe £20m worth by the engineering troubles and a sizeable but unquantifiable figure for the haulage strike—and to suggest that the recovery potential is substantial. The British Steel strike, at least, does not appear to be causing any great problems so far, given that TI gets around a third of its steel from the still operational half-owned (with the BSC) Round Oak plant, and even before the dispute was getting another third from abroad.

But international competition is clearly biting hard in a number of areas, from British Aluminium—which is entering a legal battle over its electricity costs, and where the pre-tax margin on sales slumped from 11.9 to 7.4 per cent—Raleigh Industries, which has turned round from pre-tax profits of £8.4m for 1978 to a loss of £6.2m last year. The volume fall in cycles was a fifth, with key markets like Nigeria turning sour.

However, the domestic appliances division appears to have done well in cookers and central heating boilers, and has brought the washing machine business to breakeven point. Moreover TI kept its cash deficit to only £14m in 1979, though its hankering after U.S. acquisitions could lead it to test its bankers shortly.

Its decision to ignore some dismal current cost figures and raise the dividend is intended as an expression of confidence, and indeed TI is expecting recovery in several areas (with a return to profits in cycles). But with the shares on a yield of 13.6 per cent, the market is inclined to wait and see.

## Thomas Tilling

Thomas Tilling's pre-tax profits advanced from £64.9m to £81.1m in 1979, and the net dividend has been raised by 45 per cent to 7p, a penny more than the group indicated at the time of its £59m rights issue last May. New acquisitions (mostly in the U.S.) contributed an impressive £12.8m after interest costs, which leaves the original businesses £3½m up—not a bad performance considering the impact of strikes and bad weather on the engineering and construction divisions.

But for the rights issue, net borrowings would have risen by £118m last year. Tilling spent £74m on acquisitions, which brought something like £30m of their own debt into the group; the cash outflow from the existing businesses was small, and should again be modest in 1980. Net debt represents 34 per cent of shareholders' funds, but stripping out goodwill and the recent property revaluation, the ratio rises to 42 per cent—without the rights issue it would have been 69 per cent.

This year Tilling looks set to make at least £90m. Many of its businesses — medical supplies, oil industry equipment and insulation material, for example — should be proof against any fall in general demand, and there will be a gain from having 1979 acquisitions in for a full year. This leaves the shares, up 9p at 133p yesterday, on a prospective p/e of 7½ or so, with a historic yield of 7¾ per cent, which does not look too demanding. The only trouble is that there may be a fair amount of selling in the region of 138p, the level at which the underwriters salvaged the last rights issue.

## Dividends

On a day when Tube Investments raised its dividend while making a current cost loss, the Bank of England's Quarterly Bulletin was drawing attention to the ease with which, during inflationary periods, companies are able to distribute their "real" capital, as measured on a replacement cost basis. The Bank surmises that dividends would probably have been lower in some recent years if an accounting standard based on ED 24 had been in general use.

The Bank makes the point that gross funds, which have increasing power in the equity market, have a decided preference for income rather than retentions by the companies in which they hold shares. The Bank might have gone on to discuss how weak companies have been forced to keep payout ratios high in order to hold up their share price, maintain the possibility of access to the rights issue market and protect themselves from takeover.

A recent paper from brokers de Zoete and Bevan argued that inefficient companies are actually right to over-distribute because their inability to earn satisfactory returns gives them no justification for reinvesting cash flow. In the long run, on this basis, inefficient companies should gently fade away. In the real world there is plenty of over-distribution, but the companies in question tend to keep going by selling assets or issuing more paper, neither of which may be in their shareholders' interests.

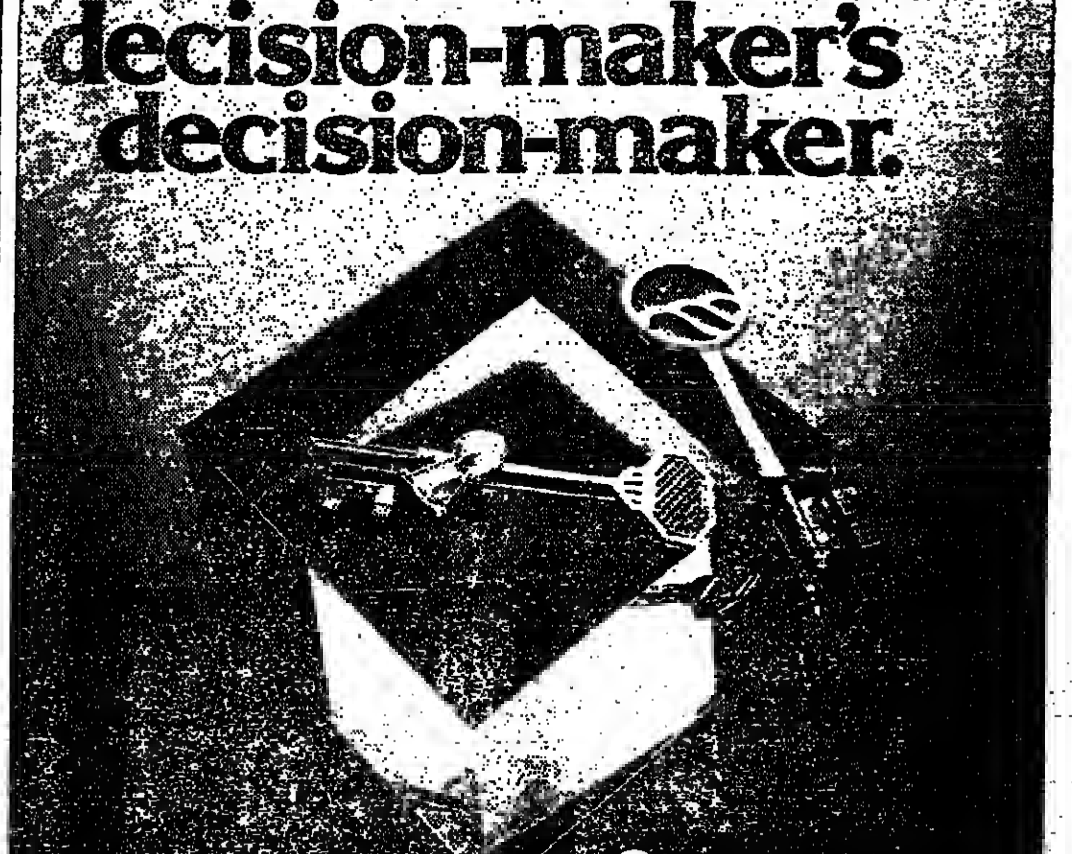
## DRG

A cheerful forecast for the current year, together with a healthy 16.4 per cent rise in pre-tax profits to £27.7m in 1979, pushed up Dickinson Robinson Group shares by 7p to 101p yesterday. Even stripping out the European contribution, which has been distorted by the acquisition of the remainder of Las Couronne, there has been a solid increase in volumes and an improvement in operating margins.

The group has been able to pull back an £18m net cash outflow at half-time to £10.5m by the end of the year mainly through a savage squeeze on net working capital, which fell from 32 to 20 per cent of turnover. But this can hardly be repeated in the current year, and with capital expenditure of £32m planned, the cash outflow is likely to be about £15m. Interest charges, already nearly doubled in 1979 at £7.8m, will therefore rise substantially further, which may threaten the forecast of increased profits.

There are signs that the company's determination to revitalise itself—dating from 1977—is proving effective. Trouble spots like Croxley and Merton should start producing profits this year. The exploitation of potential growth areas will take longer, although 1979's French and South African acquisitions look extremely shrewd. With a p/e of 6.7, fully-taxed; and a yield above 12¼ per cent, the market is leaving plenty of room for pleasant surprises.







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